

DANIEL W. HYNES  
COMPTROLLER

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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— FISCAL YEAR ENDED JUNE 30, 2008 —

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STATIONS

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STATE OF ILLINOIS

# Comprehensive Annual Financial Report

~ 2008 ~

*For Fiscal Year Ended June 30, 2008*

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**Comptroller Daniel W. Hynes**

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# **Introductory Section**

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**Comprehensive Annual Financial Report  
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July 10, 2009

To the Citizens of the State of Illinois,  
Honorable Pat Quinn, Governor and  
Honorable Members of the General Assembly:

I am pleased to present to you the *State of Illinois Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2008. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2008, and results of operations during the fiscal year. The report is intended to provide the State's taxpayers, managers, investors, creditors, lawmakers, and other users with information in accordance with generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management.

The CAFR is presented in the following sections: introductory, financial, and statistical. The *introductory section* includes the table of contents, the Comptroller's letter of transmittal, and the State's organizational chart. The *financial section* includes the Independent Auditors' Report on the basic financial statements, the management's discussion and analysis, the basic financial statements, required supplementary information, and the individual fund financial statements and schedules. The *statistical section* includes selected demographic and business data, generally on a multi-year basis.

The Management's Discussion and Analysis (MD&A), which begins on page 3 of this report, provides a narrative introduction, overview, and analysis to the accompanying basic financial statements. This letter is intended to complement the MD&A and should be read in conjunction with the MD&A. The accompanying basic financial statements are prepared in conformity with GAAP applicable to State governments as prescribed by the Governmental Accounting Standards Board (GASB). This office supports the GASB, contributed to its formation, and participates in the development of pronouncements by providing testimony at public hearings and submitting comments and recommendations as proposed standards are distributed for exposure.

The CAFR includes information on all funds, elected offices, departments, and agencies of the State, as well as all boards, commissions, authorities, and universities for which the State's executive or legislative branches are financially accountable. The financial statements distinguish between primary government organizations and component units. The primary government is the nucleus of the financial reporting entity and is the focal point for the users of the financial statements. The primary government of the State consists of all the organizations that make up its legal entity. All funds, departments, agencies, offices, and other organizations that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the State is financially accountable.

The financial activities of the State are organized on the basis of individual funds, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, and limitations. Major funds are the focus of the State's financial statements and include the General Fund (including the General Revenue Account, the Education Assistance Account, the Common School Account, and the Medicaid Provider Assessment Accounts), the Road Fund, the State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, the Prepaid Tuition Fund, and the Designated Account Purchase Program Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund balances/net assets, revenues, or expenditures/expenses greater than 2% of the total for that fund type are presented separately in the individual fund financial statements, except component units where all component units are presented, and special revenue funds where funds with greater than .5% of the total are presented. Combination of funds is necessary due to the existence of more than 750 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

### ***Internal Controls***

Each State agency's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the State are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The State's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

On October 31, 1989 the Fiscal Control and Internal Auditing Act (FCIAA) became law, requiring all State agency chief executive officers to annually certify the adequacy of internal controls in place within their agencies and that selected agencies employ a chief internal auditor with a specified minimum level of professional competency.

### ***Independent Audit***

The Illinois Auditor General has performed an audit of the accompanying basic financial statements in accordance with generally accepted auditing standards in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. His unqualified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General conducts an annual audit pursuant to the requirements set forth in the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report is issued separately.

## **PROFILE OF THE STATE**

Illinois, located in the Midwest, became the twenty-first state in 1818. The State has 56,400 square miles and is the 24th largest state in size. However, per the 2000 census, Illinois is ranked 5th with a population of approximately 12.4 million.

Illinois' government is divided into three branches: executive, legislative and judicial. An organizational chart, showing the relationships between the Citizens of the State of Illinois, the three branches of Illinois State government, and those of the various agencies, boards, commissions, and universities which provide a full range of State government services, is presented on page XIV.

The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development. The State of Illinois is also financially accountable for 3 separate entities which have been included as a part of the State's financial statements. In addition, the State of Illinois is financially accountable for 25 legally separate entities which have been reported separately within the State's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

The Comptroller's Statewide Accounting Management System (**SAMS**) provides the basis for receipt, expenditure, and encumbrance reporting of all State treasury held funds with specific budgetary controls maintained on line-item expenditures for all appropriated funds. Appropriations (budget) and actual expenditure analysis for significant individual funds is provided in the Budgetary Schedules section of this report.

The State of Illinois has a two-month "lapse period." During this time, July 1 to August 31, State agencies can expend funds appropriated in the prior fiscal year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods or services encumbered as of June 30 and received prior to August 31 are reported with other encumbrances as reservations of June 30 fund balances and not as liabilities or expenditures.

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2008 increased from June 30, 2007. The fund balance in the State's General Fund increased by \$237 million on a GAAP basis (from a deficit of \$4.171 billion, as restated, to a deficit of \$3.934 billion). On the *budgetary basis*, there was a \$834 million fund deficit at June 30, 2008 compared to a \$135 million fund deficit at June 30, 2007, resulting in a \$699 million increase in the budgetary deficit.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### ***Economy***

Illinois has a broadly diversified economy with an employment base that closely mirrors the national economy. The State continues to have a vigorous service sector with strength in professional and business services, education and healthcare services, and leisure and hospitality services. While retaining a sizeable manufacturing sector, its relative significance has decreased over the last decade, consistent with national trends. The largest private employers in Illinois include major retailers, large healthcare providers, equipment manufacturers, and nationwide financial service providers.

According to the U.S. Bureau of Labor Statistics, Illinois averaged 5.991 million nonfarm payroll jobs and an unemployment rate of 5.6% in fiscal year 2008. These numbers showed continued improvement as Illinois continues its recovery from the 2001 recession.

## **MAJOR INITIATIVES**

The following initiatives were among those instituted in Illinois state government in recent years to address issues affecting the State's revenues, cash management and expenditures.

### ***Revenue Initiatives***

Beginning in August 2005, legislation imposed a hospital assessment of 2.5835% of each provider's adjusted gross hospital revenue for inpatient and outpatient services for fiscal years 2006, 2007, and 2008. While no assessment was implemented during fiscal year 2006, upon federal government approval in November, 2006, the State was allowed to claim costs back to fiscal year 2006. After disbursement of \$1.198 billion in expenditures in February, 2007 related to fiscal year 2006, \$1.199 billion in expenditures in September, 2007 related to fiscal year 2007, and \$1.199 billion in expenditures in April 2008, the State received revenue amounts for fiscal years 2006, 2007, and 2008 of \$733 million, \$727 million, and \$736 million in assessment revenues, respectively, and \$600 million, \$600 million, and \$599 million in federal reimbursements, respectively.

The Illinois Student Assistance Commission, in January 2007, sold \$662.5 million of its loan portfolio for \$670.8 million with most of the proceeds used to retire existing debt. A portion of the proceeds, \$26.5 million, was deposited into the Student Loan Operating Fund to fund the new MAP Plus program. Then, in fiscal year 2008, an additional \$2.639 billion of its loan portfolio was sold for \$2.645 billion retiring \$2.608 billion in existing debt.

### ***Short-term Borrowing***

In fiscal year 2008, the State took several actions to help alleviate the ongoing financial problems. \$276 million was transferred from the Budget Stabilization Fund to the General Revenue Fund which was repaid by the end of the fiscal year. Also, both in September 2007 and April 2008, the State borrowed \$1.2 billion in short-term notes with the proceeds deposited into the General Revenue Fund in order to make access improvement payments to hospitals under the State's Medicaid Plan. Both notes were repaid two months later with proceeds from federal reimbursements and hospital assessments.

### ***Spending Initiatives***

In an effort to address perceived duplicate functions within state agencies, effective June 1, 2006, divisions of shared services were created to perform administrative functions, including human resources, personnel, payroll, timekeeping, procurement, and accounting for agencies providing similar governmental functions. A division of shared services was created within the Department of Revenue to provide administrative functions for executive and regulatory agencies including the Departments of Central Management Services and Financial and Professional Regulation. A division of shared services was created within the Department of Corrections to provide administrative functions for public safety agencies including the Departments of State Police, Juvenile Justice, Military Affairs, the Prisoner Review Board, the Law Enforcement Training and

Standards Board, the Criminal Justice Information Authority, the Emergency Management Agency, and the State Fire Marshal.

### ***Pensions***

Certain changes in the pension systems occurred in fiscal year 2006 with reduced benefits for certain new employees and a shift in the payment of the employers' share of the cost of certain late career benefits from the State to the employees' local government. Required State contributions to the pension systems were reduced to \$938 million in fiscal year 2006 and to \$1.375 billion in fiscal year 2007. However, this reduction in required contributions is required to be added to the contributions required for fiscal years 2008 through 2010. In addition, every new benefit increase is required to provide additional funding at least sufficient to cover the resulting annual increase in costs to the pension system and all benefit increases are to expire no more than 5 years after the effective date of the increase.

## **LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES**

The fiscal year 2008 CAFR reveals continuing underlying financial weaknesses which significantly impact the State's overall fiscal health in regards to deferred liabilities, ongoing operational concerns related to cash management and long-term concerns related to pension and other postemployment obligations.

### ***Deferred Liabilities***

Section 25 of the State Finance Act permits the payment of selected prior year expenses, primarily Medicaid, in the current fiscal year. The section was originally created to address billing and adjudication issues connected with such expenditures. The State ended fiscal year 2008 with \$2.4 billion in such costs. Over the past two decades, it has become a common practice to defer liabilities utilizing Section 25 effectively reducing the appropriation levels needed to fund certain programs within any given fiscal year and pushing expenditures into the next fiscal year.

### ***Cash Management***

Cash flow continues to be an issue as Illinois has had a running General Revenue Fund deficit defined as bills on hand exceeding available cash, with few exceptions, since November of 2000. Fiscal year 2008 marked the sixth consecutive year that Illinois has had to engage in short-term borrowing to address various cash flow needs. For 2008, the short-term borrowings were for expenditures associated with the Hospital Assessment Program.

Cash management practices are greatly affected by the aforementioned budgetary practices in relation to deferred liabilities which place additional pressure in the first and second quarters of the year to pay those expenses. Additionally, the majority of the State's tax collections are received in the second half of the fiscal year with large income tax collections arriving in the spring of each year which further contributes to the payment delays seen within the fiscal year.

In 2000, legislation was enacted to create the State's Budget Stabilization Fund in order to assist the State in meeting cash flow deficits as needed. The statutory goal for funding this reserve was set at five percent of General Funds revenues in any given year. As of June 30, 2008, the balance

in the Budget Stabilization Fund was \$275.7 million, an amount insufficient in practical terms to address the State's annual cash management needs and timing variations between spending and revenues, both recent and historical, and significantly less than envisioned when the Act was created.

### ***Pension Obligations***

Legislation enacted in 1995 sets the long-term funded ratio (assets to actuarial accrued liabilities) target for the State's five retirement systems at 90% and set into statute a plan for the State to reach this target by fiscal year 2045. After fiscal year 2045, the State shall maintain annual contributions sufficient to keep the systems at a 90% funded ratio. At the time the legislation was passed, the funded ratio for the five systems stood at 52.5% with an unfunded liability of \$19.4 billion.

As of June 30, 2008, the five State-funded retirement systems were at a 54.3% funded ratio with a \$54.4 billion unfunded liability. In fiscal year 2004, the systems enjoyed an additional \$7.3 billion in contributions from a \$10.0 billion general obligation pension bond sale.

For fiscal year 2006 through fiscal year 2007, the relevant State statutes were amended to allow for significantly lower State contribution levels to the retirement systems with levels increasing in fiscal year 2008 and fiscal year 2009 before reaching the mandated levels of the 1995 law for fiscal year 2010.

### ***Other Postemployment Obligations***

For fiscal year 2007, the State performed an actuarial valuation of the health, dental, vision, and life insurance benefits promised to retirees. The valuation reported a \$23.9 billion actuarial liability with no assets currently set aside to fund the liability as the State uses a "pay-as-you go" method to make payments to retirees.

### ***Debt Management***

Public Act 93-0839 known as the Debt Responsibility Act, effective July 30, 2004, placed new restrictions on the issuance of general obligation bonds. At least 25% of general obligation bonds issued within a year must be sold pursuant to notice of sale and public bid. General obligation bonds must be issued with equal principal or mandatory redemption amounts in each fiscal year following the year of issuance for a term not to exceed 25 years. General obligation bonds may not be issued if, in the next fiscal year after issuance, the amount of debt service on all then outstanding general obligation bonds exceeds 7% of the General and Road Fund appropriations for the fiscal year immediately preceding the issuance unless the Comptroller and Treasurer waive this requirement. No general obligation refunding bonds can be issued unless the refunding produces a net present value savings of at least 3% of the bonds being refunded and the maturities of the refunding bonds do not extend beyond the maturities of the bonds being refunded.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate") to the State of Illinois for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2007 which was the twenty-fourth consecutive year that the State has received this



prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. As this current comprehensive annual financial report is expected to meet the Certificate of Achievement Program's requirements, it is being submitted to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The preparation of the State's Comprehensive Annual Financial Report was made possible by the due diligence of my staff, the Auditor General's Office and all State agencies who submitted timely information during this year's GAAP financial statement process. Their hard work and dedication has resulted in an excellent financial report of which we can be proud. I express my gratitude to all of those involved for this tremendous cooperative effort.

Sincerely,

Daniel W. Hynes  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

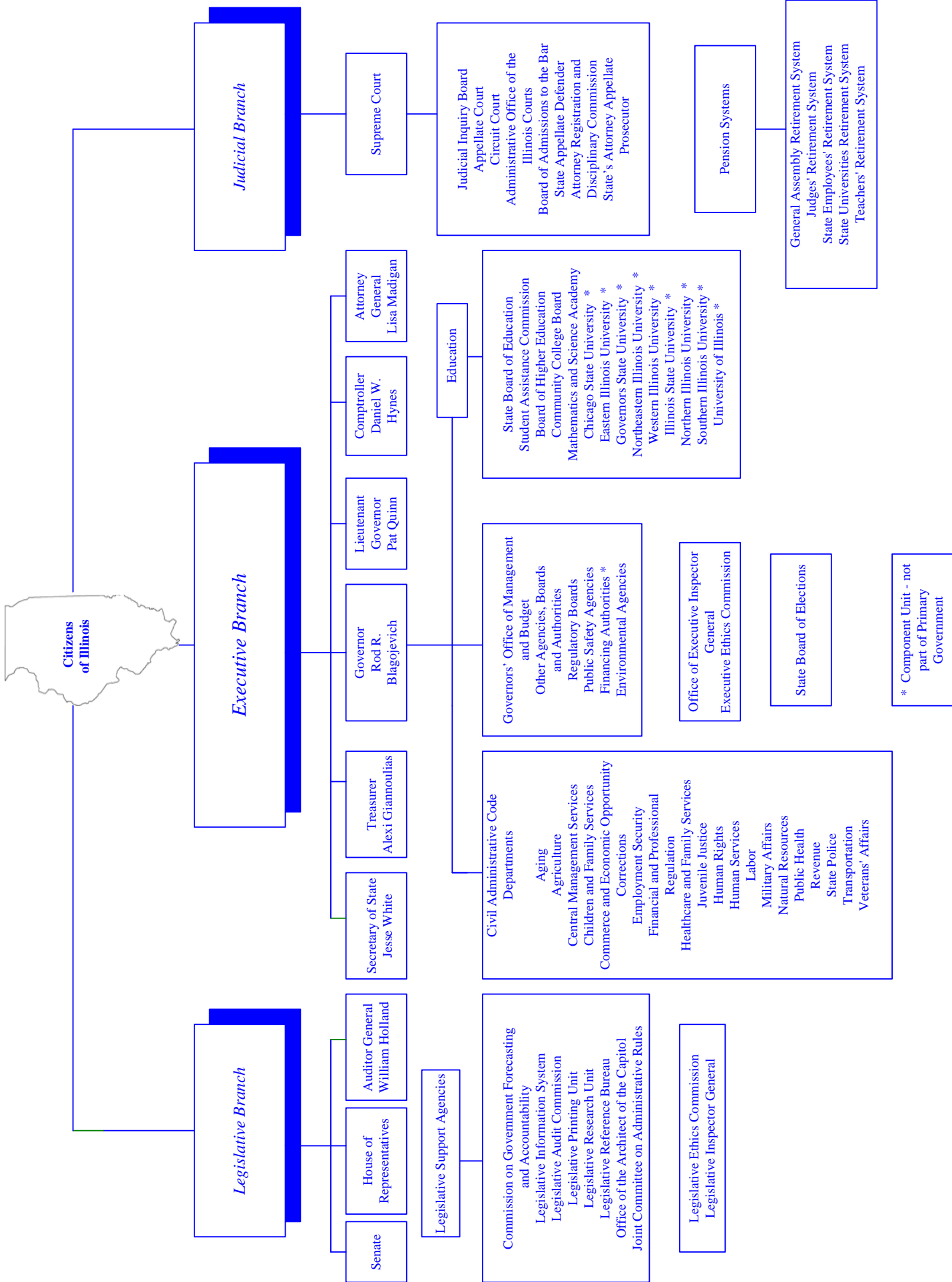


A handwritten signature in black ink, appearing to read "K. L. R.", is positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enner", is positioned above the title "Executive Director".

Executive Director



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# Financial Section

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**Independent Auditors' Report**

Honorable Michael J. Madigan, Speaker of the House  
Honorable John J. Cullerton, President of the Senate  
Members of the General Assembly  
Honorable Patrick Quinn, Governor  
Honorable Daniel W. Hynes, Comptroller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2008, which collectively comprise the State of Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the financial statements have been restated as of July 1, 2007 for prior year reporting errors.

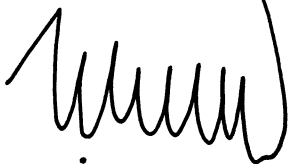
As discussed in Note 1r and Note 17, the State adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2008.

The deficit for net assets of governmental activities in fiscal year 2008 continued to increase by \$3,577,003,000 from \$20,844,807,000 at June 30, 2007 to \$24,421,810,000 at June 30, 2008. This deficit, which is presented on an accrual basis, is the excess of total liabilities over total assets and represents a deferral of current and prior year costs to future periods.

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the State of Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and required supplementary information, listed in the accompanying table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.



WILLIAM G. HOLLAND  
Auditor General  
State of Illinois



BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits  
Office of the Auditor General

Springfield, Illinois  
July 10, 2009



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of Illinois' (the State's) financial performance providing an overview of the activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter and with the State's financial statements which follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this discussion and analysis also contains information on other supplementary information included in this report.

#### **Government-wide Statements (Reporting the State as a Whole)**

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the State, as a whole, and about its activities. These statements include all non-fiduciary assets, liabilities, revenues, and expenses using the accrual basis of accounting.

The Statement of Net Assets (page 19) presents all of the State's non-fiduciary assets and liabilities with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 20 and 21) presents all of the State's non-fiduciary revenues and expenses with the difference showing how the State's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and unused accrued absences).

Both statements report three activities:

- *Governmental Activities* – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, Elected Officials, and the general operations of the Executive departments fall within the governmental activities.
- *Business-type Activities* – The State charges fees to customers to help it cover all or most of the cost of certain services provided by the State. Lottery tickets and the State's unemployment compensation services are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The State has 9 authorities, 9 universities, and 7 other organizations that are reported as discretely presented component units of the State.

Included within the basic financial statements are two schedules (pages 23 and 25) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on the current financial resources, which are the resources available for spending in the near future (defined by the State as 60 days). Accrual

accounting reports the total economic resources similar to a private-sector business. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds statements.
- Prepaid expenses for governmental activities are current uses of financial resources of funds and therefore are not reported in the governmental funds statements.
- Deferred issuance costs are capitalized and amortized as governmental activities, but reported as expenditures in the governmental funds statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as unavailable revenue on the governmental funds statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, installment purchases agreements, compensated absences, certificates of participation, net pension obligations, net other postemployment benefit obligations, and bonds and notes payable appear as liabilities in the government-wide statements but are not reported in the governmental funds statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial statements.
- Capital outlay spending results in recording capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental funds statements.

The Notes to the Basic Financial Statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 37 of this report.

### **Fund Financial Statements (Reporting the State's Major Funds)**

The fund financial statements begin on page 22 and provide more detail than the government-wide financial statements, concentrating on information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, individual fund data for the nonmajor funds is presented beginning on page 151. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

*Governmental funds* – Most of the State's basic services are reported in the governmental funds which focus on how monies flow into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. Governmental funds are reported using modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash and liabilities that are due in the current period. Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds.

*Proprietary funds* – When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. An example is the State Lottery Fund. Internal service funds report activities that provide supplies and services for the State's other programs and activities such as the State's Communications Revolving Fund. The State's internal service funds are reported as governmental activities on the government-wide statements.

*Fiduciary funds* – The State acts as a trustee or fiduciary for its employee pension plans. The State is also responsible for other assets that, because of a trust arrangement or other contractual arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 30. These funds, which include pension (and other employee benefit), private-purpose trust, investment trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

### **Additional Required Supplementary Information**

Following the basic financial statements is additional Required Supplementary Information that further explains and supports the information in the financial statements. The Required Supplementary Information includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles (GAAP) net change in fund balances at fiscal year-end and funding progress of the State's retirement systems and other postemployment benefit plans.

### **Other Supplementary Information**

Other supplementary information includes two components: 1) combining financial schedules for nonmajor governmental, proprietary, and fiduciary funds and nonmajor discretely presented component units and 2) combining budgetary schedules using the terminology and classification of funds used by the State for budgetary purposes. The combining financial statements present by fund category, and then by fund type, the amounts presented in the nonmajor funds column in the fund financial statements.

## **FINANCIAL ANALYSIS OF THE STATE**

The State's combined net assets decreased \$3.564 billion or 21.8% during the current fiscal year. The net assets of the State's governmental activities decreased \$3.577 billion or 17.2% and the net assets of the State's business-type activities increased \$13 million or .3%. The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the State's financial position as of June 30, 2008 and 2007:

Net Assets as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other non-current assets	\$ 10,821	\$ 12,380	\$ 7,458	\$ 9,694	\$ 18,279	\$ 22,074
Capital assets	18,453	18,389	3	3	18,456	18,392
Total assets	29,274	30,769	7,461	9,697	36,735	40,466
Liabilities:						
Other liabilities	9,806	10,387	923	488	10,729	10,875
Long-term liabilities	43,890	41,227	2,002	4,686	45,892	45,913
Total liabilities	53,696	51,614	2,925	5,174	56,621	56,788
Net assets:						
Invested in capital assets, net of related debt	13,689	13,370	3	3	13,692	13,373
Restricted	978	954	4,534	4,535	5,512	5,489
Unrestricted	(39,089)	(35,169)	(1)	(15)	(39,090)	(35,184)
Total net assets	\$ (24,422)	\$ (20,845)	\$ 4,536	\$ 4,523	\$ (19,886)	\$ (16,322)
Note: Prior year amounts have been restated for activities as described in Note 2 to the financial statements.						

The State's largest asset is its capital assets (\$18.456 billion) consisting of land, buildings, equipment, infrastructure, and other items with estimated useful lives of greater than one year. The largest portion of the State's long-term liabilities are its net pension obligation (\$19.196 billion) and bonds payable obligation (\$23.499 billion), including deferred amounts on refundings and unamortized premiums and discounts. The largest component of the State's net assets reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. The restricted net assets balance consists of resources subject to external restrictions or enabling legislation as to their use. The remaining portion, unrestricted net assets, are the net assets available to be used at the State's discretion or need to be replenished by revenues in future periods.

The State's assets decreased \$3.731 billion from \$40.466 billion at June 30, 2007, to \$36.735 billion at June 30, 2008, due mainly to \$2.269 billion less in loans and notes receivable from the Designated Account Purchase Program (Program). In fiscal year 2008, the Program sold \$2.639 billion of its student loans receivable portfolio. In addition, taxes receivable decreased \$926 million from June 30, 2007, due mostly to the timing of assessments in the prior year in relation to the State's hospital assessment program. The State's decrease in liabilities of \$167 million from \$56.788 billion at June 30, 2007, to \$56.621 billion at June 30, 2008, resulted mainly from the increases in the State's net pension obligation of \$2.105 billion and other postemployment benefit obligation of \$1.238 billion being offset by the early extinguishment of bonds payable related to the Designated Account Purchase Program of \$2.608 billion and a decrease in accrued Medicaid liabilities of \$1.001 billion.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the State's decrease in net assets during the current fiscal year:

**Changes in Net Assets**  
**for Fiscal Year Ending June 30**  
**(in millions of dollars)**

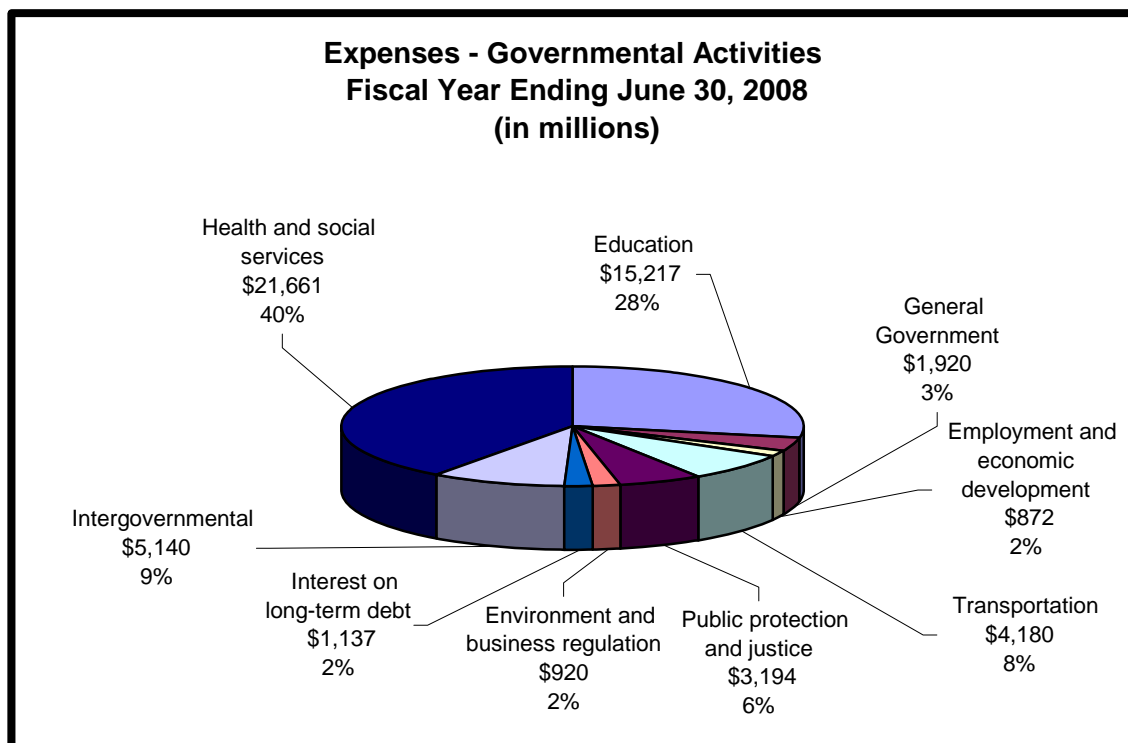
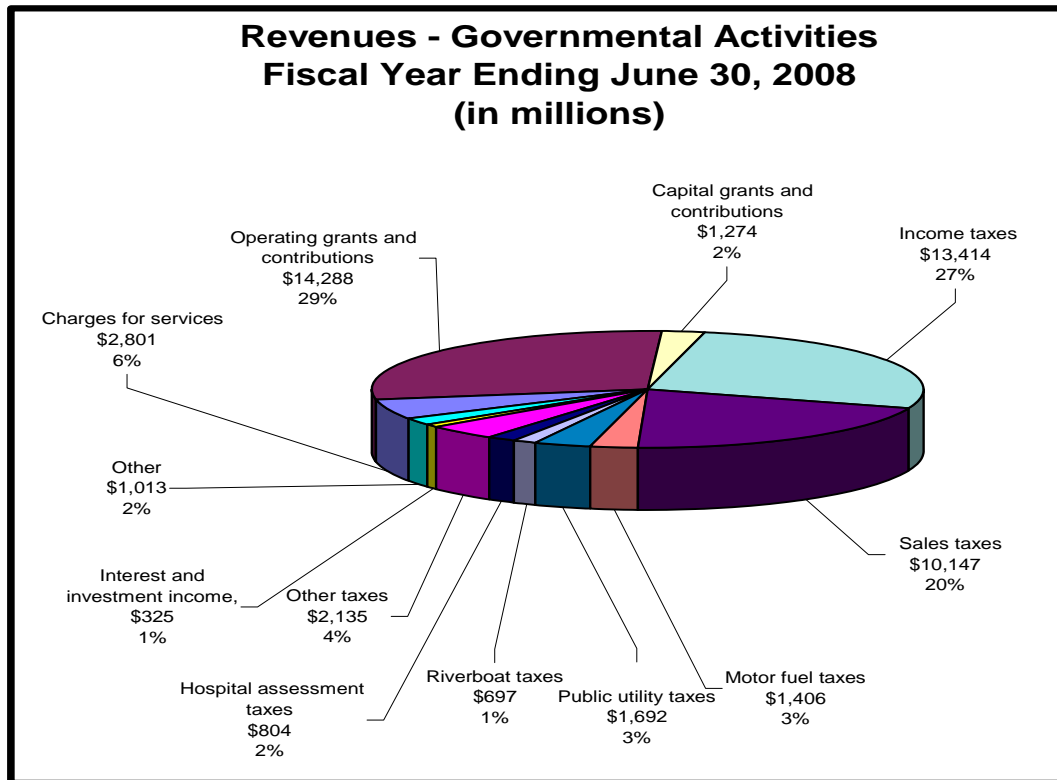
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2007 to 2008</b>
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 2,801	\$ 2,716	\$ 4,266	\$ 5,116	\$ 7,067	\$ 7,832	(9.8%)
Operating grants and contributions	14,288	14,537	247	178	14,535	14,715	(1.2%)
Capital grants and contributions	1,274	1,026	-	-	1,274	1,026	24.2%
General revenues							
Income taxes	13,414	12,338	-	-	13,414	12,338	8.7%
Sales taxes	10,147	9,846	-	-	10,147	9,846	3.1%
Motor fuel taxes	1,406	1,443	-	-	1,406	1,443	(2.6%)
Public utility taxes	1,692	1,606	-	-	1,692	1,606	5.4%
Riverboat taxes	697	818	-	-	697	818	(14.8%)
Hospital assessment taxes	804	1,538	-	-	804	1,538	(47.7%)
Other taxes	2,135	1,974	-	-	2,135	1,974	8.2%
Interest and investment earnings	325	358	115	86	440	444	(0.9%)
Other revenue	1,013	1,172	-	2	1,013	1,174	(13.7%)
<b>Total revenues</b>	<b>49,996</b>	<b>49,372</b>	<b>4,628</b>	<b>5,382</b>	<b>54,624</b>	<b>54,754</b>	<b>(0.2%)</b>
<b>Expenses</b>							
Health and social services	21,661	21,417	-	-	21,661	21,417	1.1%
Education	15,217	14,433	-	-	15,217	14,433	5.4%
General government	1,920	1,668	-	-	1,920	1,668	15.1%
Employment and economic development	872	989	-	-	872	989	(11.8%)
Transportation	4,180	3,819	-	-	4,180	3,819	9.5%
Public protection and justice	3,194	2,730	-	-	3,194	2,730	17.0%
Environment and business regulation	920	835	-	-	920	835	10.2%
Unemployment compensation fund			1,991	1,795	1,991	1,795	10.9%
Water revolving fund			18	23	18	23	(21.7%)
Prepaid tuition programs			73	61	73	61	19.7%
Designated account purchase program fund			101	304	101	304	(66.8%)
Lottery			1,412	1,370	1,412	1,370	3.1%
Federal student loans			193	181	193	181	6.6%
Other business-type activities			148	212	148	212	(30.2%)
Intergovernmental	5,140	5,036	-	-	5,140	5,036	2.1%
Interest	1,137	1,201	-	-	1,137	1,201	(5.3%)
<b>Total expenses</b>	<b>54,241</b>	<b>52,128</b>	<b>3,936</b>	<b>3,946</b>	<b>58,177</b>	<b>56,074</b>	<b>3.8%</b>
Excess (deficiency) before special items and transfers	(4,245)	(2,756)	692	1,436	(3,553)	(1,320)	(169.2%)
Special items	-	-	(11)	-	(11)	-	N/A
Transfers	668	654	(668)	(654)	-	-	0.0%
<b>Increase (decrease) in net assets</b>	<b>(3,577)</b>	<b>(2,102)</b>	<b>13</b>	<b>782</b>	<b>(3,564)</b>	<b>(1,320)</b>	<b>(170.0%)</b>
Net assets - beginning, as restated	(20,845)	(18,743)	4,523	3,741	(16,322)	(15,002)	(8.8%)
Net assets - ending	<u>\$ (24,422)</u>	<u>\$ (20,845)</u>	<u>\$ 4,536</u>	<u>\$ 4,523</u>	<u>\$ (19,886)</u>	<u>\$ (16,322)</u>	<u>(21.8%)</u>

### **Governmental Activities:**

Governmental activities of the State are financed primarily through taxes collected. The functions reported for governmental activities consist of the following:

- *Health and social services* – The health and social services function consists of programs such as Medicaid, Temporary Assistance for Needy Families (TANF), and Child Support Enforcement which are administered mostly by the Department of Healthcare and Family Services, the Department of Human Services, and the Department of Children and Family Services.
- *Education* – The education function consists of support for local public school districts and post-secondary institutions administered mostly by the State Board of Education, the State Board of Higher Education, and the Illinois Community College Board.
- *General government* – The general government consists of the day-to-day operations of the State performed mostly by the Elected Officials, Members of the General Assembly, the Department of Central Management Services, and the Department of Revenue.
- *Employment and economic development* – The employment and economic development function consists of job training for citizens and support for the growth of public sector commerce administered mostly by the Department of Commerce and Economic Opportunity.
- *Transportation* – The transportation function consists of support for building and maintaining infrastructure capital assets owned by the State and owned by local governments of the State which is administered mostly by the Department of Transportation.
- *Public protection and justice* – The public protection and justice function consists of law enforcement functions of the State and other public safety regulatory programs performed mostly by the Department of Corrections and the Department of State Police.
- *Environment and business regulation* – The environment and business regulation function consists of regulation of the environment of the State and regulation of various business types in the State performed mostly by the Environmental Protection Agency, the Department of Commerce and Economic Opportunity, the Department of Natural Resources, the Department of Financial and Professional Regulation, and the Department of Labor.

The following charts display revenues and expenses of the State for governmental activities during the fiscal year:



The State's governmental activities revenues increased \$624 million (1.3%) during fiscal year 2008 with the largest revenue increases consisting of \$1.076 billion in income tax revenue and \$301 million in sales tax revenues. In addition, hospital assessment taxes decreased \$734 million. The decrease in hospital assessment taxes was related to the State recognizing both the fiscal year 2006 and fiscal year 2007 years of taxes in fiscal year 2007 due to the timing of the approval by the federal government of the State's hospital assessment program.

The State's governmental activities expenses increased \$2.113 billion (4.1%) during fiscal year 2008. The allocation of the State's other postemployment benefit obligation for the first time to the various expense functions of \$1.238 billion caused the majority of the increase in governmental expenses reported.

#### **Business-type Activities:**

Net assets of business-type activities increased \$13 million during the fiscal year 2008. A decrease in unemployment tax revenue of \$395 million, an increase in unemployment benefit expenses of \$196 million, a decrease in investment income related to the Prepaid Tuition Fund assets of \$203 million, and a decrease in investment income related to the Designated Account Purchase Program assets of \$117 million when compared to the prior fiscal year were offset by a decrease in expenses associated with the Designated Account Purchase Program of \$203 million in comparison to the prior fiscal year which recognized a \$782 million increase in net assets. The decrease in revenues and expenses associated with the Designated Account Purchase Program is due to the State selling a substantial portion of student loans towards the end of fiscal year 2007 and the beginning of fiscal year 2008.

### **FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS**

#### **General Fund**

The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not required to be accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 151. For budgetary purposes the General Funds consist of the General Revenue, Special Account, Education Assistance and Common School Accounts.

The State's General Funds' budgetary fund balance ended fiscal year 2008 with a deficit for the seventh consecutive year. At June 30, 2008, the General Funds' budgetary fund balance was a deficit of \$834.491 million compared to a \$134.848 million deficit recorded at June 30, 2007. The original budget projected a \$4.036 billion deficit at the end of the fiscal year. The final budget projected a \$1.644 billion deficit. The majority of the difference between the General Funds' original budget and the final budget is a result of \$2.400 billion in short-term borrowings which were not originally budgeted.

The majority of the \$809 million increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$488 million more in actual revenues than budgeted revenues and \$321 million less in actual expenditures than budget expenditures. Actual income tax revenue was \$928 million more than budgeted with actual sales taxes and federal government revenues being \$362 and 314 million, respectively, less than budgeted. Health and social services expenditures and education expenditures were \$95 and 88 million, respectively, less than budgeted.

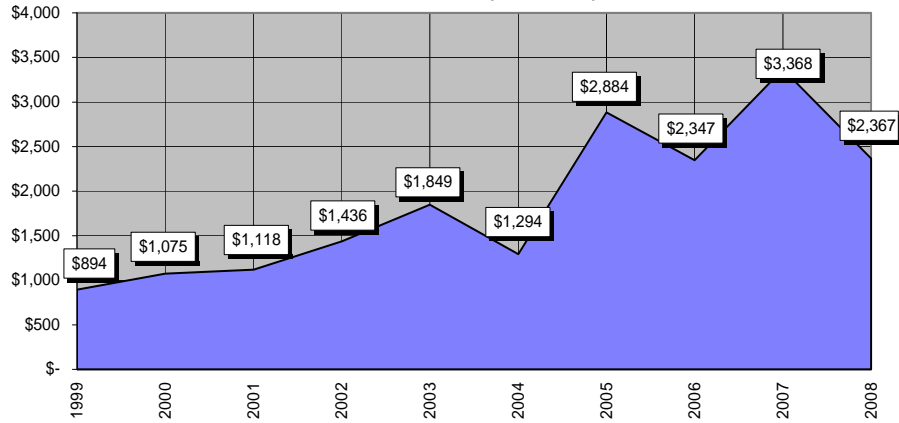


The General Fund's assets at June 30, 2008, were \$3.881 billion, which is a decrease of \$1.784 billion from the June 30, 2007, balance of \$5.665 billion. Cash decreased \$508 million, taxes receivable decreased \$810 million, and intergovernmental receivables decreased \$494 million from June 30, 2007. The decrease in cash was partially a result of anticipated expenditures and transfers-out being greater than revenues and transfers-in. The decrease in taxes receivable and intergovernmental receivable was related to the prior year having hospital assessments not yet received and federal government claims for access improvement payments against the State's Medicaid program not yet reimbursed at the end of the fiscal year related to the State's hospital assessment program for fiscal year 2007.

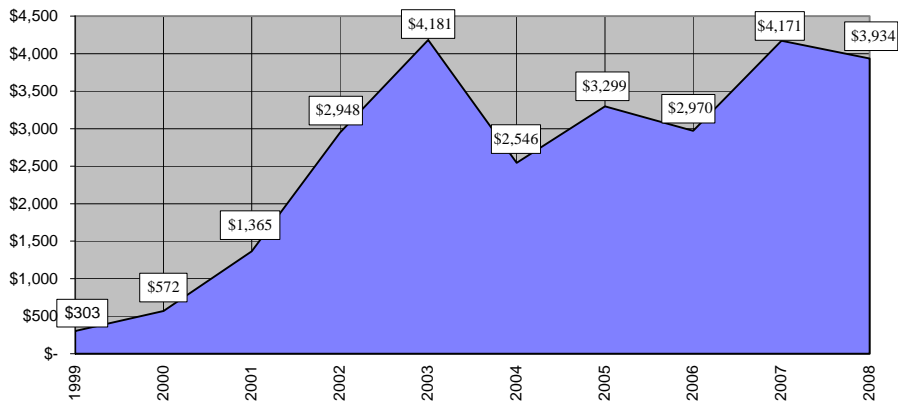
The General Fund's liabilities at June 30, 2008, were \$7.815 billion, which is a decrease of \$2.021 billion from the June 30, 2007, balance of \$9.836 billion. The factors that determine a significant portion of the General Fund liabilities are the accrued liabilities payable from future year's appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals which consist mostly of Medicaid program liabilities. These statutory deferrals allow expenses incurred during one fiscal year to be paid for from the subsequent fiscal year's budget in limited situations. Section 25 deferrals decreased \$1.001 billion from \$3.368 billion at June 30, 2007 to \$2.367 billion at June 30, 2008. This decrease in fiscal year 2008 is a result of increased appropriations in fiscal year 2008 for payment of prior year Medicaid program liabilities and the recognition of the access improvement payments to hospitals. After falling substantially from 1995 through 1997, Section 25 deferrals increased for six consecutive fiscal years \$752 million at June 30, 1998, to \$1.849 billion at June 30, 2003. If a short-term borrowing immediately preceding the end of fiscal year 2004 to pay potential Section 25 deferred liabilities had not occurred, fiscal year 2006 would have been the first year Section 25 deferred liabilities decreased since fiscal year 1997. In addition to the decrease in Section 25 liabilities, unavailable revenue not expected to be received during the State's sixty day revenue recognition period under modified accrual accounting from hospital assessments and federal government reimbursements decreased \$1.333 billion from June 30, 2007.

During fiscal year 2008, the General Fund's fund balance increased from a deficit of \$4.171 billion to a deficit of \$3.934 billion, a \$237 million increase. The current year increase in the fund balance was a result of a \$2.599 billion increase in revenues, a \$620 million increase in expenditures, a \$536 million decrease in net other sources (uses) of financial resources, and a \$4 million decrease in inventory balances in comparison to fiscal year 2007 which had a decrease in fund balance of \$1.202 billion.

**Section 25 Deferred Liabilities  
FY 1999-2008 (in millions)**



**General Fund Deficits  
FY 1999-2008 (in millions)**



Notes:

\* Fiscal year 2007 was restated for an overstatement of tax revenues. Comparable information is not available for years prior to fiscal year 2007.

\* Fiscal year 2006 was restated for an understatement of education expenses.

\* Fiscal years 2006 and 2005 were restated for a reclassification of the Workers' Compensation Revolving Fund from a subaccount of the General Fund to an internal service fund.

\* Fiscal years 2003 through 2006 were restated for an overstatement of sales tax and public utility tax revenues.

\* Fiscal year 2002 was restated for an overstatement of health insurance costs, an understatement of refund recoveries, an understatement of tax revenues, and an overstatement of federal grant revenues. Comparable information for the understatement of tax revenues is not available for years prior to fiscal year 2002.

\* Fiscal year 2001 was restated for an overstatement of income tax revenue and a reduction of expenditures due to the implementation of GASB Interpretation No. 6. Comparative information for the effect of the implementation of GASB Interpretation No. 6 is not available for previous fiscal years. In addition, for years prior to fiscal year 2000, comparative information for revenues, which were restated due to the implementation of GASB Statement No. 33 in fiscal year 2001, and the corresponding effect on the General Fund deficit, is not available.

During fiscal year 2008, General Fund revenues increased \$2.599 billion to \$33.244 billion for fiscal year 2008. Increases in income tax and hospital assessment taxes of \$1.226 billion and \$733 million, respectively were the largest increases in revenues. General Fund expenditures increased \$620 million to \$31.247 billion in fiscal year 2008 due mainly to increased spending on education programs of \$683 million.

### Road Fund

The Road Fund incurred an \$87 million decrease in the current year and has a \$255 million fund balance. The State expended \$157 million less and recognized \$310 million more in revenue than the prior year activity which had a \$504 million decrease.

### State Construction Account

The State Construction Account's fund balance increased \$141 million in fiscal year 2008 to an ending fund balance of \$440 million. Appropriated expenditures for construction projects continue to be less than the resources of the fund.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets:

At June 30, 2008, the State had \$18.456 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and land improvements	\$ 2,664	\$ 2,613			\$ 2,664	\$ 2,613
Site improvements	381	377			381	377
Buildings and building improvements	2,290	2,314	\$ 1	\$ 1	2,291	2,315
Equipment	232	224	2	2	234	226
Infrastructure	12,817	12,757			12,817	12,757
Other	38	38			38	38
Subtotal	18,422	18,323	3	3	18,425	18,326
Construction in progress	31	66			31	66
<b>Total</b>	<b>\$ 18,453</b>	<b>\$ 18,389</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 18,456</b>	<b>\$ 18,392</b>

Infrastructure assets consist of 69% of the State's net capital assets and comprise \$1.037 billion of the \$1.255 billion (83%) of the current year additions to capital assets. The State capitalizes and depreciates its roads and road improvements over a twenty year period and its bridges over a forty year period. More detailed information regarding the State's capital assets is presented in Note 7 of the financial statements on page 83.

## Debt Administration:

### Bonded Indebtedness

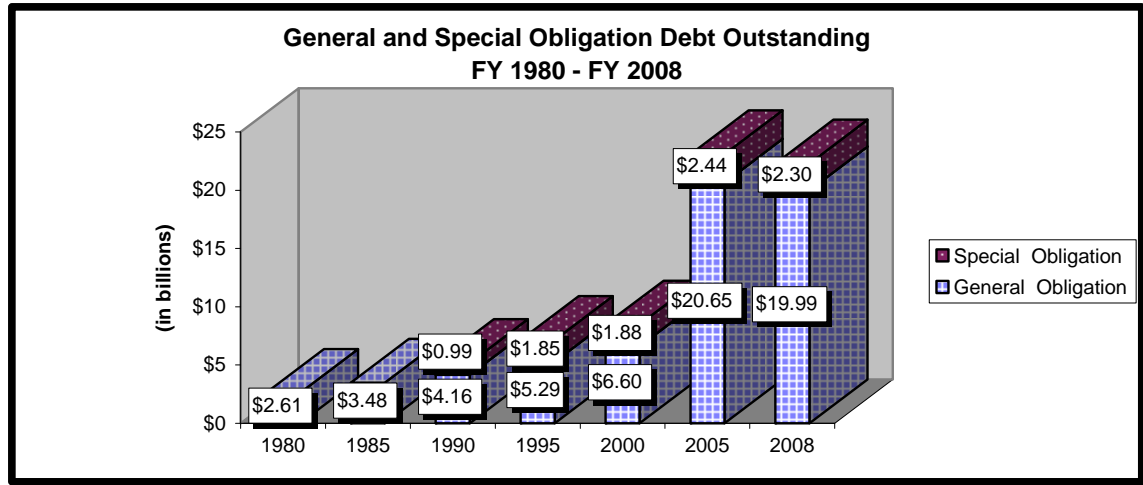
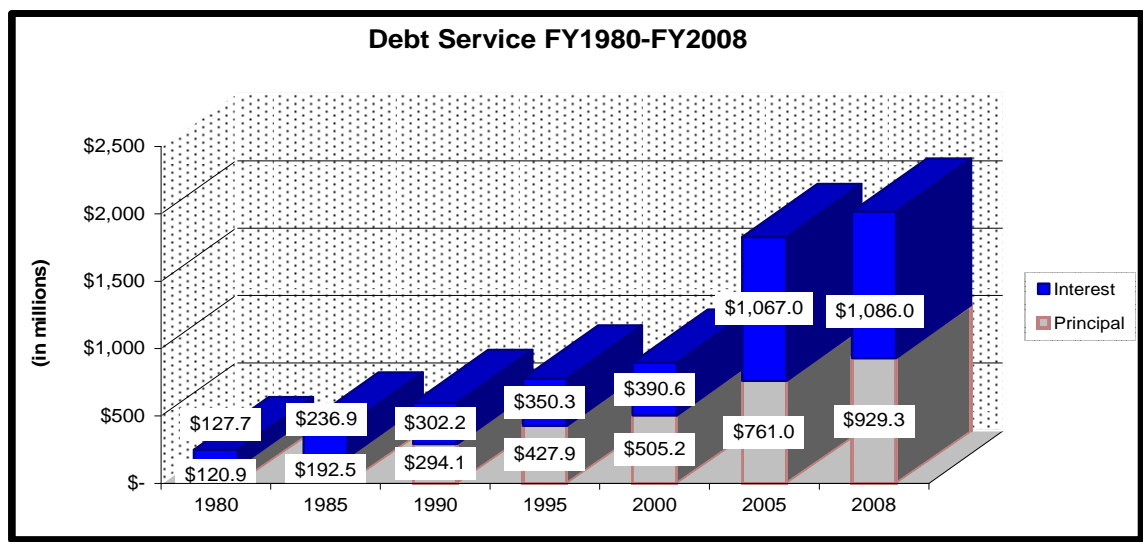
The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if resources from the specified revenue stream are insufficient to support the debt service, the State is then obligated. Also, some revenue bonds are classified as indirect debt which means that the asset is the property of a local government but part of the payment of the debt service comes from State resources. Lastly, some revenue bonds can be considered conduit debt which implies no obligation for the State. More detailed information regarding the State's long-term debt obligations is presented in Notes 9, 10 and 11 to the financial statements beginning on page 92.

Outstanding Bonded Debt as of June 30 (in millions of dollars)					
Primary Government	Governmental Activities		Business-type Activities		Total
	2008	2007	2008	2007	
General obligation bonds (backed by the State)	\$ 19,991	\$ 20,581			\$ 19,991 \$ 20,581
Special obligation bonds (backed by specific fee revenue)	2,301	2,399			2,301 2,399
Revenue bonds (backed by specific tax and fee revenue)			\$ 884	\$ 3,713	884 3,713
	<u>\$ 22,292</u>	<u>\$ 22,980</u>	<u>\$ 884</u>	<u>\$ 3,713</u>	<u>\$ 23,176</u> <u>\$ 26,693</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2008 totaling \$22.3 billion. The decrease was the second straight fiscal year Illinois has paid more in debt principal than it has received in debt proceeds. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources. In addition, bonds have been issued to make pension contributions to the State's retirement systems in prior fiscal years and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The outstanding amount of \$9.95 billion for pension purposes, issued in 2003, is included in the outstanding general obligation bonds as of June 30, 2008.

General and special obligation bonds, excluding refunding bonds, aggregating \$125 million and \$50 million, respectively, were issued during fiscal year 2008 at interest rates ranging from 4.0% to 5.0%. Debt service principal of \$929.3 million and interest costs of \$1.086 billion were paid

and charged, respectively, in fiscal year 2008. The dramatic increase in debt service payments and outstanding debt since fiscal year 1980 is displayed in the following charts:



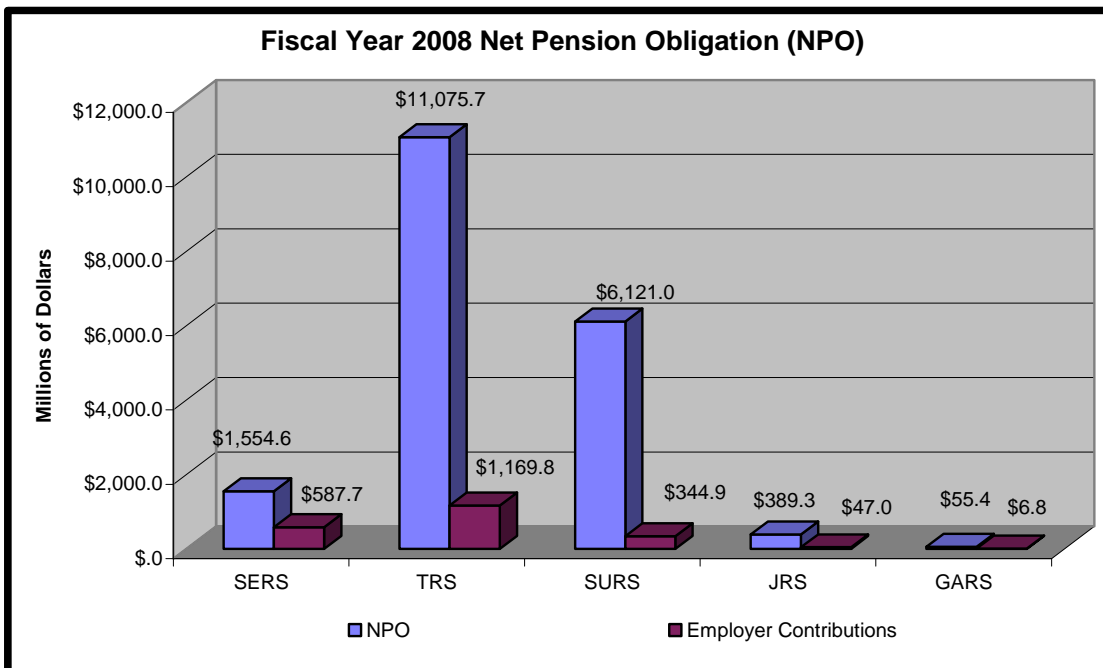
In addition to general and special obligation bonds, the primary government had \$884 million of revenue bonds and \$3.5 billion of non-pension long-term obligations outstanding as of June 30, 2008.

Moody’s Investors Services, Standard and Poor’s, and Fitch Ratings general obligation and special obligation-Build Illinois bond ratings did not change during fiscal year 2008. The State’s bond rating from Moody’s Investors Services remained at Aa3 on general obligation and special obligation-Build Illinois bonds. The State’s bond rating from Moody’s Investors Services for special obligation-Civic Center bonds of A1 has remained unchanged since the last issuance in fiscal year 2000. Standard and Poor’s rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2007. The State’s bond rating of AA from Fitch Ratings remained unchanged from fiscal year 2007. However, since June 30, 2008, Moody’s Investors Services lowered the State’s general obligation bond rating to A1 and both Standard and Poor’s and Fitch Ratings downgraded the State’s general obligation bond rating to AA-.

## Retirement Systems

Besides general and special obligation bond indebtedness, the State's largest liability is its net pension obligation. During fiscal year 2008, this obligation increased \$2.105 billion from \$17.091 billion at June 30, 2007, to \$19.196 billion at June 30, 2008. Of the \$2.105 billion increase, \$1.105 billion occurred at Teachers' Retirement System where the annual pension cost ("APC") was calculated to be \$2.274 billion and employer contributions were \$1.170 billion. In addition, at State Universities Retirement System the APC was calculated to be \$881.5 million and employer contributions were \$344.9 million while at State Employees Retirement System the APC was calculated to be \$1.007 billion and employer contributions were \$587.7 million.

During fiscal year 2008, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation". For fiscal years 2006 and 2007, however, the law was amended allowing for decreased contributions of only \$938.4 million and \$1,374.7 million, respectively, and requiring equal annual increments from fiscal year 2008 to 2010 (the end of the 15 year phase-in) to ensure the decreases have no long-term effect on contributions. The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 30-year maximum amortization "parameters" required to be reported in the State's financial statements in accordance with Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As the statutory funding requirement allows for the 15-year phase-in and is amortized over a maximum period which is greater than the maximum period allowed by GASB, the net pension obligation has annually increased, except for fiscal year 2004 due to a general obligation bond issuance, since the implementation of GASB Statement No. 27.



## **ECONOMIC CONDITION AND OUTLOOK**

### **Fiscal Year 2008**

Fiscal year 2008 was a transition year for the Illinois economy, concluding five years of sustained economic growth. Other than the unemployment rate, the measures of Illinois economic activity were largely positive for the fiscal year. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.991 million workers in fiscal year 2008 an increase of 30,000 jobs or 0.5% above 2007 employment, but 54,000 jobs or 0.9% below peak employment of 6.045 million jobs in fiscal 2001. A second Illinois employment estimate, obtained through household surveys, also showed an increase in Illinois employment. According to these surveys, an average of 6.390 million Illinoisans were employed in fiscal year 2008, up 55,000 or 0.9% from the prior year employment level.

The average Illinois unemployment rate increased from 4.6% in fiscal year 2007 to 5.6% for 2008, reversing a four year trend of declining unemployment rates. The increased average unemployment was caused by a 70,000 or 23.0% increase in average unemployment from 305,000 in fiscal year 2007 to 375,000 in fiscal year 2008.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2008. Average fiscal year 2008 manufacturing employment of 673,000 jobs was down 8,000 jobs or 1.1% from fiscal year 2007 and down 234,000 jobs or 25.7% from the cyclical peak manufacturing employment of 907,000 jobs during fiscal year 1998.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 2.2% in fiscal year 2008 as a 6.0% increase in nominal personal income was offset by a 3.7% increase in the consumer price index. State personal income adjusted for inflation had increased 1.5% in fiscal year 2005, 1.2% in fiscal year 2006, and 3.7% in fiscal year 2007.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors a general overview of the State's financial position and changes in the State's net assets for the year ended June 30, 2008. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

The State's component units issue separate audited financial statements and reports. These statements and reports may be obtained by directly contacting the component unit. Contact information can be obtained from the Office of the Comptroller at (217) 782-6000.

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**State of Illinois**

**Statement of Net Assets**

June 30, 2008 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash equity with State Treasurer	\$ 5,764,894	\$ 589,950	\$ 6,354,844	\$ 416,980
Cash and cash equivalents	212,395	26,865	239,260	761,932
Deposits held by federal government		1,906,219	1,906,219	
Investments	55,998	1,016,867	1,072,865	1,215,401
Securities lending collateral		167,529	167,529	
Receivables, net:				
Taxes	1,305,881	432,901	1,738,782	
Intergovernmental	2,304,795	82,003	2,386,798	19,805
Other	501,032	164,216	665,248	533,393
Internal balances	(73,366)	73,366	-- --	
Due from fiduciary funds	11,237	695	11,932	72
Due from component units	383,046	526	383,572	80,332
Due from primary government				234,128
Inventories	91,788	262	92,050	45,001
Prepaid expenses	35,459	251	35,710	42,266
Unamortized bond issuance costs	58,587	1,644	60,231	48,741
Loans and notes receivable, net	80,029	1,304,341	1,384,370	2,097,441
Restricted assets:				
Cash equity with State Treasurer	43,891		43,891	142,404
Cash and cash equivalents	960	58,204	59,164	1,289,754
Investments	21,150		21,150	2,556,414
Intergovernmental receivables	660		660	
Other receivables	135	31,431	31,566	6,984
Loans and notes receivable, net		1,600,487	1,600,487	61,862
Other assets	23,091	3	23,094	64,991
Capital assets not being depreciated	2,732,697	190	2,732,887	1,776,909
Capital assets being depreciated, net	15,720,063	2,793	15,722,856	7,437,963
Total assets	29,274,422	7,460,743	36,735,165	18,832,773
LIABILITIES				
Accounts payable and accrued liabilities	5,113,324	236,412	5,349,736	1,024,081
Intergovernmental payables	3,849,169	13,151	3,862,320	3,376
Due to fiduciary funds	58,898	17	58,915	3,888
Due to component units	137,129	97,093	234,222	80,332
Due to primary government				379,363
Securities lending collateral		170,776	170,776	
Unearned revenue	647,197	15,348	662,545	419,694
Assets held for others				251,714
Short-term notes payable		390,770	390,770	12,344
Other liabilities				31,361
Long-term obligations:				
Due within one year	1,115,761	60,331	1,176,092	494,795
Due subsequent to one year	42,774,754	1,941,220	44,715,974	7,781,093
Total liabilities	53,696,232	2,925,118	56,621,350	10,482,041
NET ASSETS				
Invested in capital assets, net of related debt	13,688,917	2,983	13,691,900	4,601,897
Restricted for:				
Debt service	870,068	420,458	1,290,526	342,010
Municipal lending		1,634,485	1,634,485	
Unemployment compensation benefits		2,391,158	2,391,158	
Education	2,778	87,381	90,159	
Employment and economic development	37,164		37,164	
Health and social services	20,887		20,887	
Public protection and justice	18,821		18,821	
Environment and business regulation	6,913		6,913	
Transportation	6,963		6,963	
Other purposes	12,344		12,344	62,383
Funds held as permanent investments:				
Nonexpendable purposes	1,091		1,091	1,095,176
Expendable purposes	1,248		1,248	1,445,912
Unrestricted net assets	(39,089,004)	(840)	(39,089,844)	803,354
Total net assets	\$ (24,421,810)	\$ 4,535,625	\$ (19,886,185)	\$ 8,350,732

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Activities**

For the Year Ended June 30, 2008 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Health and social services	\$ 21,660,966	\$ 154,884	\$ 11,368,999	
Education	15,216,505	4,529	1,945,885	
General government	1,920,205	2,100,042	15,942	\$ 19,038
Employment and economic development	871,604	19,714	448,436	
Transportation	4,180,099	78,574	212,611	1,253,288
Public protection and justice	3,193,938	97,923	176,766	
Environment and business regulation	920,391	344,794	118,909	2,068
Intergovernmental-revenue sharing	5,139,754			
Interest	1,137,058			
Total governmental activities	<u>54,240,520</u>	<u>2,800,460</u>	<u>14,287,548</u>	<u>1,274,394</u>
Business-type activities				
Unemployment compensation trust	1,991,147	1,998,139		
Water revolving	17,689	44,163	41,022	
Prepaid tuition program	73,559	(75,740)		
Designated account purchase program	101,174	74,913	20,829	
Lottery	1,411,951	2,062,048		
Federal student loans	192,771	25,629	185,003	
Other	148,273	136,975		
Total business-type activities	<u>3,936,564</u>	<u>4,266,127</u>	<u>246,854</u>	
Total primary government	<u>\$ 58,177,084</u>	<u>\$ 7,066,587</u>	<u>\$ 14,534,402</u>	<u>\$ 1,274,394</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 280,231	\$ 120,729	\$ 186,728	
Toll Highway Authority	607,593	608,440		
Other Authorities	208,566	137,555	5,583	\$ 64
Universities				
Illinois State University	384,651	196,091	28,498	225
Northern Illinois University	477,469	238,779	63,347	2,157
Southern Illinois University	929,148	409,054	93,856	2,992
University of Illinois	4,126,548	1,913,520	815,819	2,412
Other Universities	<u>802,005</u>	<u>352,857</u>	<u>113,108</u>	<u>2,745</u>
Total component units	<u>\$ 7,816,211</u>	<u>\$ 3,977,025</u>	<u>\$ 1,306,939</u>	<u>\$ 10,595</u>
General revenues				
Taxes:				
Income taxes				
Sales taxes				
Motor fuel taxes				
Public utility taxes				
Riverboat taxes				
Hospital assessment taxes				
Other taxes				
Interest and investment income				
Other revenues				
Payments from the State of Illinois				
Additions to permanent endowments				
Special items				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net assets				
Net assets, July 1, 2007, as restated				
Net assets, June 30, 2008				

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expense) Revenues and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (10,137,083)		\$ (10,137,083)	
(13,266,091)		(13,266,091)	
214,817		214,817	
(403,454)		(403,454)	
(2,635,626)		(2,635,626)	
(2,919,249)		(2,919,249)	
(454,620)		(454,620)	
(5,139,754)		(5,139,754)	
(1,137,058)		(1,137,058)	
(35,878,118)			
	\$ 6,992	6,992	
	67,496	67,496	
	(149,299)	(149,299)	
	(5,432)	(5,432)	
	650,097	650,097	
	17,861	17,861	
	(11,298)	(11,298)	
	576,417		
		(35,301,701)	
			\$ 27,226
			847
			(65,364)
			(159,837)
			(173,186)
			(423,246)
			(1,394,797)
			(333,295)
			(2,521,652)
13,413,993		13,413,993	
10,147,458		10,147,458	
1,405,713		1,405,713	
1,691,688		1,691,688	
696,835		696,835	
804,168		804,168	
2,134,966		2,134,966	
325,057	115,694	440,751	50,245
1,013,148	145	1,013,293	297,229
			2,236,834
			53,009
	(10,855)	(10,855)	
668,089	(668,089)	-	
32,301,115	(563,105)	31,738,010	2,637,317
(3,577,003)	13,312	(3,563,691)	115,665
(20,844,807)	4,522,313	(16,322,494)	8,235,067
\$ (24,421,810)	\$ 4,535,625	\$ (19,886,185)	\$ 8,350,732

**State of Illinois**

**Balance Sheet -  
Governmental Funds**

June 30, 2008 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 1,241,765	\$ 447,872	\$ 485,441	\$ 3,495,243	\$ 5,670,321
Cash and cash equivalents	2,312	1,963	2,113	171,446	177,834
Investments				77,148	77,148
Receivables, net:					
Taxes	913,486			392,395	1,305,881
Intergovernmental	1,426,629	174,700		694,755	2,296,084
Other	159,272	22,217	4,130	298,364	483,983
Due from other funds	56,801	57,940	35,443	403,604	553,788
Due from component units	25,176	527		346,461	372,164
Inventories	27,599	35,811		15,702	79,112
Loans and notes receivable, net	12,761			67,268	80,029
Other assets	15,000			8,091	23,091
<b>Total assets</b>	<b>\$ 3,880,801</b>	<b>\$ 741,030</b>	<b>\$ 527,127</b>	<b>\$ 5,970,477</b>	<b>\$ 11,119,435</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 3,856,025	\$ 186,172	\$ 79,087	\$ 486,694	\$ 4,607,978
Intergovernmental payables	2,111,501	123,190	2,706	1,596,897	3,834,294
Due to other funds	798,157	82,168		295,101	1,175,426
Due to component units	101,730	4,640		28,285	134,655
Unavailable revenue	576,472	79,543		373,878	1,029,893
Unearned revenue	370,709	9,897	5,737	259,097	645,440
Matured portion of long-term liabilities	528				528
<b>Total liabilities</b>	<b>7,815,122</b>	<b>485,610</b>	<b>87,530</b>	<b>3,039,952</b>	<b>11,428,214</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for:					
Encumbrances	26,939	5,262		13,484	45,685
Long-term portion of:					
Loans and notes receivable	12,597			60,433	73,030
Due from State of Illinois component units				345,734	345,734
Inventories	27,599	35,811		15,702	79,112
Other purposes				11,939	11,939
Unreserved:					
Designated for reappropriated accounts, reported in:					
Special revenue funds		214,347	439,597	35,118	689,062
Capital projects funds				47,116	47,116
Undesignated:					
General fund	(4,001,456)				(4,001,456)
Special revenue funds				1,550,004	1,550,004
Debt service funds				850,615	850,615
Capital projects funds				(868)	(868)
Permanent funds				1,248	1,248
<b>Total fund balances (deficits)</b>	<b>(3,934,321)</b>	<b>255,420</b>	<b>439,597</b>	<b>2,930,525</b>	<b>(308,779)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 3,880,801</b>	<b>\$ 741,030</b>	<b>\$ 527,127</b>	<b>\$ 5,970,477</b>	<b>\$ 11,119,435</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Assets**  
**June 30, 2008**  
**(Expressed in Thousands)**

**Total fund balances-governmental funds** \$ (308,779)

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities, not including amounts  
included as assets in internal service funds of \$290,350, are not  
financial resources and therefore are not reported in the funds. 18,162,410

Prepaid expenses for governmental activities are current uses of financial  
resources for funds. 34,959

Bond issuance costs are reported as current expenditures in governmental  
funds. However, bond issuance costs are deferred and amortized over the  
life of the bonds and are included as governmental activities in the  
Statement of Net Assets. 58,587

Bond refunding costs are reported as current expenditures in governmental  
funds. However, bond refunding costs are deferred and amortized over  
the life of the defeased bonds and are included in governmental activities  
in the Statement of Net Assets. 51,888

Internal service funds are used to charge costs of certain activities to  
individual funds. The assets and liabilities of the internal service funds  
are reported as governmental activities in the Statement of Net Assets. 374,073

Some revenues will be collected after year-end but are "unavailable" to  
pay for the current period's expenditures due to not being collectible for  
several months and therefore are deferred in governmental funds. 1,029,893

Some liabilities reported in the Statement of Net Assets do not require the  
use of current financial resources and therefore are not reported as liabilities  
in governmental funds. These liabilities, not including amounts included  
as liabilities in internal service funds of \$284,312, consist of:

Net pension obligation	\$ (19,196,055)	
Net other postemployment benefit obligation	(1,238,131)	
General obligation bonds	(19,991,290)	
Special obligation bonds	(2,301,228)	
Unamortized premiums	(380,773)	
Unamortized discounts	2,204	
Other commitments	(39,895)	
Compensated absences	(428,367)	
Certificates of participation	(57,275)	
Auto liability	(11,678)	
Capital leases	(9,340)	
Installment purchases	(5,735)	
Accrued interest	(167,278)	
		(43,824,841)

**Net assets of governmental activities** \$ (24,421,810)

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Income taxes	\$ 12,259,811			\$ 1,286,214	\$ 13,546,025
Sales taxes	7,422,997			2,719,101	10,142,098
Motor fuel taxes				1,410,656	1,410,656
Public utility taxes	1,197,551			498,084	1,695,635
Riverboat taxes				696,835	696,835
Hospital assessment taxes	1,538,237				1,538,237
Other taxes	1,717,689			383,224	2,100,913
Federal government	7,425,177	\$ 1,277,921		6,420,266	15,123,364
Licenses and fees	275,658	848,599	\$ 490,660	523,855	2,138,772
Interest and other investment income	209,311	18,057	13,119	78,300	318,787
Other	1,197,166	115,686		873,739	2,186,591
<b>Total revenues</b>	<b>33,243,597</b>	<b>2,260,263</b>	<b>503,779</b>	<b>14,890,274</b>	<b>50,897,913</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	16,957,590			4,227,861	21,185,451
Education	10,838,705			2,416,823	13,255,528
General government	812,919	155,996		320,390	1,289,305
Employment and economic development	167,940			643,701	811,641
Transportation	119,858	1,513,626	86,779	1,291,508	3,011,771
Public protection and justice	2,200,386	134,474		358,729	2,693,589
Environment and business regulation	138,237			653,801	792,038
Debt service:					
Principal	2,025	15		935,074	937,114
Interest	1,089	1		1,099,349	1,100,439
Capital outlays	8,174	594,828	515,670	119,725	1,238,397
Intergovernmental				5,139,754	5,139,754
<b>Total expenditures</b>	<b>31,246,923</b>	<b>2,398,940</b>	<b>602,449</b>	<b>17,206,715</b>	<b>51,455,027</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,996,674</b>	<b>(138,677)</b>	<b>(98,670)</b>	<b>(2,316,441)</b>	<b>(557,114)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligation bonds issued				175,000	175,000
Premiums on general obligation bonds issued				6,724	6,724
Transfers-in	3,983,439	328,595	240,052	7,331,899	11,883,985
Transfers-out	(5,740,781)	(273,021)		(5,200,882)	(11,214,684)
Capital lease financing	1,229	5		391	1,625
<b>Net other sources (uses) of financial resources</b>	<b>(1,756,113)</b>	<b>55,579</b>	<b>240,052</b>	<b>2,313,132</b>	<b>852,650</b>
<b>Net change in fund balances</b>	<b>240,561</b>	<b>(83,098)</b>	<b>141,382</b>	<b>(3,309)</b>	<b>295,536</b>
Fund balances (deficits), July 1, 2007, as restated	(4,171,126)	342,609	298,215	2,945,321	(584,981)
Increase (decrease) for changes in inventories	(3,756)	(4,091)		(11,487)	(19,334)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (3,934,321)</b>	<b>\$ 255,420</b>	<b>\$ 439,597</b>	<b>\$ 2,930,525</b>	<b>\$ (308,779)</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2008**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	<b>\$ 295,536</b>
Change in inventories	(19,334)
	<u>276,202</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	\$ 1,238,397
Depreciation expense	(1,143,766)
Excess of capital outlay over depreciation expense	94,631
During the fiscal year, certain capital assets were transferred into internal service funds and included in the net revenue amount for internal service funds below.	
	(6,684)
Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, losses from the sale of capital assets are also reported. This is the book value of capital assets which were sold or scrapped during the year.	
	(14,420)
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, bond proceeds for the year were this amount, including a premium of \$6,724.	
	(181,724)
Bond issuance costs are reported as current expenditures in governmental funds. However, deferred issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets.	
	858
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:	
Bond principal retirements	\$ 929,260
Capital lease and installment purchase principal payments	3,214
Certificates of participation principal retirements	4,640
Total long-term debt repayment	937,114
Some capital additions were financed through capital leases or installment purchases. In governmental funds, a capital lease or installment purchase arrangement is considered a source of financing, but in the Statement of Net Assets the obligation is reported as a liability.	
	(1,625)
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported as governmental activities in the Statement of Activities.	
	10,206
Because some revenues will not be collected for several months, they are considered "unavailable" revenues and revenue recognition is deferred in the governmental funds. Unavailable revenues decreased by this amount during the year.	
	(1,313,549)
Prepaid expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Prepaid expenses increased by this amount during the year.	
	21,364
Governmental funds report the effect of premiums, discounts and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of bond premiums	\$ 45,691
Amortization of bond discounts	(121)
Amortization of bond issuance costs	(4,821)
Amortization of deferred loss on refundings of debt	(11,814)
Total reduction in expenditures for refundings of debt	28,935
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Also some expenditures reported in governmental funds decrease the amount of certain long-term liabilities reported on the Statement of Net Assets and are therefore not reported as expenses in the Statement of Activities.	
Increase in net pension obligation	\$ (2,105,358)
Increase in net other postemployment benefit obligation	(1,238,131)
Increase in compensated absences obligation	(10,516)
Interest accreted on capital appreciation debt	(66,960)
Increase in auto liability obligation	(3,214)
Increase in accrued interest on obligations	(1,168)
Increase in other obligations	(2,964)
Total additional expenses	(3,428,311)
<b>Change in net assets of governmental activities</b>	<b>\$ (3,577,003)</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Net Assets -**

**Proprietary Funds**

June 30, 2008 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>							
Cash equity with State Treasurer		\$ 421,387	\$ 3,987	\$ 17	\$ 164,559	\$ 589,950	\$ 138,464
Cash and cash equivalents	\$ 449	9,446	2,011	6,031	8,928	26,865	35,521
Deposits held by federal government	1,906,219					1,906,219	
Investments				60	20,918	20,978	
Securities lending collateral			167,529			167,529	
Receivables, net:							
Taxes	432,901					432,901	
Intergovernmental	30,886	17,363			33,754	82,003	9,371
Other	123,446	14,599	31		26,140	164,216	17,184
Due from other funds	4,645			1,149	79,823	85,617	518,849
Due from component units	173	353				526	10,882
Loans and notes receivable, net		109,224				109,224	
Restricted assets:							
Cash and cash equivalents				58,204		58,204	
Other receivables, net		1,494		29,937		31,431	
Loans and notes receivable, net		31,122		254,269		285,391	
Unamortized bond issuance costs		129		23		152	
Inventories					262	262	12,676
Prepaid expenses					251	251	500
Other assets				3		3	
<b>Total current assets</b>	<b>2,498,719</b>	<b>605,117</b>	<b>173,558</b>	<b>349,693</b>	<b>334,635</b>	<b>3,961,722</b>	<b>743,447</b>
Investments			987,590		8,299	995,889	
Loans and notes receivable, net		1,195,117				1,195,117	
Restricted loans and notes receivable, net		340,535		974,561		1,315,096	
Unamortized bond issuance costs		651		841		1,492	
Capital assets not being depreciated					190	190	38,369
Capital assets being depreciated, net		183		17	2,593	2,793	251,981
<b>Total noncurrent assets</b>		<b>1,536,486</b>	<b>987,590</b>	<b>975,419</b>	<b>11,082</b>	<b>3,510,577</b>	<b>290,350</b>
<b>Total assets</b>	<b>2,498,719</b>	<b>2,141,603</b>	<b>1,161,148</b>	<b>1,325,112</b>	<b>345,717</b>	<b>7,472,299</b>	<b>1,033,797</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	96,813	188	860	2,970	135,581	236,412	338,068
Intergovernmental payables	6,423				6,728	13,151	14,875
Due to other funds	4,325	248	4	1	6,995	11,573	18,238
Due to component units		97,056			37	97,093	2,474
Securities lending collateral			170,776			170,776	
Unearned revenue					15,348	15,348	1,757
Short-term note payable				390,770		390,770	
Current portion of long-term obligations		142	50,008	61	10,120	60,331	117,867
<b>Total current liabilities</b>	<b>107,561</b>	<b>97,634</b>	<b>221,648</b>	<b>393,802</b>	<b>174,809</b>	<b>995,454</b>	<b>493,279</b>
Noncurrent portion of long-term obligations		1,170	1,052,477	879,991	7,582	1,941,220	166,445
<b>Total liabilities</b>	<b>107,561</b>	<b>98,804</b>	<b>1,274,125</b>	<b>1,273,793</b>	<b>182,391</b>	<b>2,936,674</b>	<b>659,724</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt		183		17	2,783	2,983	250,371
Net assets restricted for:							
Debt service		373,151		47,307		420,458	3,594
Municipal lending		1,634,485				1,634,485	
Unemployment compensation benefits	2,391,158					2,391,158	
Education					87,381	87,381	
Unrestricted		34,980	(112,977)	3,995	73,162	(840)	120,108
<b>Total net assets</b>	<b>\$ 2,391,158</b>	<b>\$ 2,042,799</b>	<b>\$ (112,977)</b>	<b>\$ 51,319</b>	<b>\$ 163,326</b>	<b>\$ 4,535,625</b>	<b>\$ 374,073</b>

The accompanying notes to the financial statements are an integral part of this statement.



*State of Illinois*

**Statement of Revenues, Expenses and Changes in**

**Fund Net Assets - Proprietary Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>							
Charges for sales and services			\$ 2,396		\$ 2,219,820	\$ 2,222,216	\$ 2,503,414
Interest income pledged as revenue bond security				\$ 74,913		74,913	
Interest and other investment income		\$ 44,163	(78,136)		54	(33,919)	
Employer contributions	\$ 1,971,147					1,971,147	
Other	26,992				4,778	31,770	2,265
<b>Total operating revenues</b>	<b>1,998,139</b>	<b>44,163</b>	<b>(75,740)</b>	<b>74,913</b>	<b>2,224,652</b>	<b>4,266,127</b>	<b>2,505,679</b>
<b>OPERATING EXPENSES</b>							
Cost of sales and services					377,884	377,884	511,515
Benefit payments and refunds	1,991,147				64,140	2,055,287	1,921,352
Prizes and claims					1,199,026	1,199,026	
Interest				70,675		70,675	2,493
General and administrative		13,626	4,714	30,472	100,023	148,835	56,497
Depreciation		2		27	546	575	31,954
Other			68,845		11,343	80,188	13,505
<b>Total operating expenses</b>	<b>1,991,147</b>	<b>13,628</b>	<b>73,559</b>	<b>101,174</b>	<b>1,752,962</b>	<b>3,932,470</b>	<b>2,537,316</b>
<b>Operating income (loss)</b>	<b>6,992</b>	<b>30,535</b>	<b>(149,299)</b>	<b>(26,261)</b>	<b>471,690</b>	<b>333,657</b>	<b>(31,637)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest and investment income	88,650	19,013			8,031	115,694	6,210
Other revenues					145	145	
Interest expense		(3,972)				(3,972)	(2,247)
Federal government		41,022		20,829	185,003	246,854	32,461
Other expenses		(89)			(33)	(122)	(53)
<b>Income (loss) before special items and transfers</b>	<b>95,642</b>	<b>86,509</b>	<b>(149,299)</b>	<b>(5,432)</b>	<b>664,836</b>	<b>692,256</b>	<b>4,734</b>
Special items				(10,855)		(10,855)	
Contributions of capital assets							6,880
Transfers-in	1,549			681	41,204	43,434	
Transfers-out	(15,415)			(2,500)	(693,608)	(711,523)	(1,408)
<b>Change in net assets</b>	<b>81,776</b>	<b>86,509</b>	<b>(149,299)</b>	<b>(18,106)</b>	<b>12,432</b>	<b>13,312</b>	<b>10,206</b>
Net assets, July 1, 2007, as restated	2,309,382	1,956,290	36,322	69,425	150,894	4,522,313	363,867
<b>NET ASSETS, JUNE 30, 2008</b>	<b>\$ 2,391,158</b>	<b>\$ 2,042,799</b>	<b>\$ (112,977)</b>	<b>\$ 51,319</b>	<b>\$ 163,326</b>	<b>\$ 4,535,625</b>	<b>\$ 374,073</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Cash Flows -  
Proprietary Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from sales and services			\$ 2,395		\$ 240,318	\$ 242,713	\$ 384,489
Cash received from lottery sales (net of \$887,785 cash prizes paid by agents and \$100,871 commissions retained by agents)					1,046,496	1,046,496	
Cash received from transactions with other funds							2,016,101
Cash payments to suppliers for goods and services		\$ (2,387)	(4,049)	\$ (19,385)	(67,679)	(93,500)	(2,190,662)
Cash payments to employees for services		(11,134)	(855)	(9,801)	(167,581)	(189,371)	(148,904)
Cash payments for lottery prizes					(301,255)	(301,255)	
Cash receipts from unemployment taxes	\$ 2,072,922					2,072,922	
Cash payments for unemployment benefits	(2,009,206)					(2,009,206)	
Cash receipts from interest income on loans		76,378					76,378
Cash receipts from prepaid tuition contract sales			125,671			125,671	
Cash payments for tuition			(38,423)			(38,423)	
Cash payments for tuition contract refunds			(6,915)			(6,915)	
Cash receipts from student loan principal				163,126		163,126	
Cash receipts from student loan interest				38,284		38,284	
Cash receipts from sale of student loans				2,644,815		2,644,815	
Cash payments for student loans issued				(232)		(232)	
Cash payments for expenses related to sale of student loans				(463,787)		(463,787)	
Cash payments for workers compensation							(111,867)
Cash receipts from other operating activities					5,848	5,848	36,841
Cash payments for other operating activities					(299,407)	(299,407)	
Net cash provided (used) by operating activities	63,716	62,857	77,824	2,353,020	456,740	3,014,157	(14,002)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Proceeds from borrowings, net of bond issuance costs				688,998		688,998	
Principal paid on revenue bonds and other borrowings		(10,735)		(20,150)		(30,885)	
Principal paid on early extinguishment of debt				(3,081,048)		(3,081,048)	
Interest paid on revenue bonds and other borrowings		(3,830)		(79,297)		(83,127)	
Grants received		24,079		39,475	180,044	243,598	33,182
Transfers-in from other funds	1,549			681	68,101	70,331	
Transfers-out to other funds	(15,270)			(29,500)	(706,754)	(751,524)	(1,212)
Fees paid with early extinguishment of debt				(7,189)		(7,189)	
Net cash provided (used) by noncapital financing activities	(13,721)	9,514		(2,488,030)	(458,609)	(2,950,846)	31,970
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets		(83)			(625)	(708)	(15,241)
Principal paid on capital debt		(1)				(1)	(6,480)
Interest paid on capital debt							(2,312)
Net cash used by capital and related financing activities		(84)			(625)	(709)	(24,033)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investment securities			(476,451)		(22,423)	(498,874)	
Proceeds from sales and maturities of investment securities			374,051	38,287	20,774	433,112	
Cash received from securities lending collateral transactions			170,776			170,776	
Cash invested from securities lending collateral transactions			(170,776)			(170,776)	
Cash paid to investment managers			(2,972)			(2,972)	
Loan disbursements		(164,091)				(164,091)	
Loan repayments		66,799				66,799	
Interest and dividends on investments	88,756	19,904	26,278	4,559	7,931	147,428	6,411
Net cash provided (used) by investing activities	88,756	(77,388)	(79,094)	42,846	6,282	(18,598)	6,411
Net increase (decrease) in cash and cash equivalents	138,751	(5,101)	(1,270)	(92,164)	3,788	44,004	346
Cash and cash equivalents, July 1, 2007, as restated	1,767,917	435,934	7,268	156,416	169,699	2,537,234	173,639
CASH AND CASH EQUIVALENTS, JUNE 30, 2008	\$ 1,906,668	\$ 430,833	\$ 5,998	\$ 64,252	\$ 173,487	\$ 2,581,238	\$ 173,985
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets:</b>							
Total cash and cash equivalents per Statement of Net Assets	\$ 449	\$ 9,446	\$ 2,011	\$ 6,031	\$ 8,928	\$ 26,865	\$ 35,521
Add: cash equity with State Treasurer		421,387	3,987	17	164,559	589,950	138,464
Add: deposits held by federal government	1,906,219					1,906,219	
Add: restricted cash equivalents				58,204		58,204	
CASH AND CASH EQUIVALENTS, JUNE 30, 2008	\$ 1,906,668	\$ 430,833	\$ 5,998	\$ 64,252	\$ 173,487	\$ 2,581,238	\$ 173,985

State of Illinois

Statement of Cash Flows -  
Proprietary Funds

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
<b>OPERATING INCOME (LOSS)</b>	\$ 6,992	\$ 30,535	\$ (149,299)	\$ (26,261)	\$ 471,690	\$ 333,657	\$ (31,637)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation		2		27	546	575	31,954
Provision for uncollectible accounts	(23,058)				396	(22,662)	80
Amortization			65,873	3,403		69,276	
Interest and investment income			81,108	(4,143)		76,965	
Interest expense				70,675		70,675	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	65,874	32,285		53,139	2,969	154,267	2,451
(Increase) decrease in intergovernmental receivables	(1,912)				745	(1,167)	(391)
(Increase) decrease in due from other funds	(735)			(361)	130	(966)	(102,407)
(Increase) decrease in due from component units	(18)	(70)			21	(67)	(1,635)
(Increase) decrease in loans and notes receivable				2,270,097		2,270,097	
(Increase) decrease in inventory					27	27	(356)
(Increase) decrease in prepaid expenses					258	258	127
(Increase) decrease in other assets				13		13	
Increase (decrease) in accounts payable and accrued liabilities	14,867	(204)	(123)	(13,440)	(4,927)	(3,827)	63,877
Increase (decrease) in intergovernmental payables	1,706				(2,089)	(383)	(10,893)
Increase (decrease) in due to other funds		199	(54)	(19)	(3,109)	(2,983)	3,416
Increase (decrease) in due to component units		27			(6,617)	(6,590)	(316)
Increase (decrease) in unearned revenue					(3,074)	(3,074)	1,574
Increase (decrease) in other liabilities		83	80,319	(110)	(226)	80,066	30,154
Total adjustments	56,724	32,322	227,123	2,379,281	(14,950)	2,680,500	17,635
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 63,716</b>	<b>\$ 62,857</b>	<b>\$ 77,824</b>	<b>\$ 2,353,020</b>	<b>\$ 456,740</b>	<b>\$ 3,014,157</b>	<b>\$ (14,002)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Cost of capital asset acquisitions financed by capital leases	\$	6				\$ 6	\$ 52
Cost of installment purchases							\$ 675
Loss on disposal of capital assets					\$ (33)	\$ (33)	\$ (53)
Transfer of assets from (to) other state funds	\$	(89)				\$ (89)	\$ 6,684
Increase (decrease) in fair value of investments			\$ (104,391)	\$ 51		\$ (104,340)	

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

June 30, 2008 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 413,061	\$ 1,684	\$ 1,169	\$ 463,254
Cash and cash equivalents	1,173,580	5,005,376	81,655	25,001
Investments:				
Equities	30,559,664		2,709,790	
Fixed income	15,113,881	1,225,735	111	
Private equity	2,399,224			
Real estate	5,148,058			
Other	4,120,406			887,950
Equity in Illinois State Board of Investments	11,315,054			
Securities lending collateral	6,492,090			
Receivables, net:				
Taxes				142,341
Members	120,740			
Employers	26,794			
Investment income	327,771	1,512	7,220	
Intergovernmental	5,587			431
Pending investment sales	3,116,818			
Other	20,244		5	201,418
Due from other funds	52			
Due from primary government funds	26,511			32,404
Due from component units	2,953			935
Prepaid expenses	4,680			
Loans and notes receivable, net			84	
Other assets				249
Capital assets not being depreciated	1,675			
Capital assets being depreciated, net	10,532			
<b>Total assets</b>	<b>80,399,375</b>	<b>6,234,307</b>	<b>2,800,034</b>	<b>\$ 1,753,983</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	216,985	185	682	\$ 39,837
Intergovernmental payables	1			600,120
Due to other funds	52			
Due to primary government funds	11,237	695		
Due to component units				72
Security lending collateral	6,492,090			
Payable to brokers for unsettled trades	5,496,015			
Depository and other liabilities		1,348	6,873	1,113,954
Long term obligations:				
Due within one year	44			
Due subsequent to one year	3,444			
<b>Total liabilities</b>	<b>12,219,868</b>	<b>2,228</b>	<b>7,555</b>	<b>\$ 1,753,983</b>
<b>NET ASSETS</b>				
Net assets held in trust for:				
Pension and other employee benefits	68,179,507			
Pool participants		6,232,079		
Other purposes			2,792,479	
<b>Total net assets</b>	<b>\$ 68,179,507</b>	<b>\$ 6,232,079</b>	<b>\$ 2,792,479</b>	

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
<b>ADDITIONS</b>			
Deposits/Contributions:			
Employer	\$ 882,131		
State	1,452,851		
Participants			\$ 1,399,821
Members:			
Employees	1,706,579		
Retirees	151,730		
Federal Medicare Part D	21,667		
Other contributions	6,942		22
Total contributions	4,221,900		1,399,843
Investment income:			
Interest and other investment income	2,401,909	\$ 240,407	73,108
Net increase (decrease) in fair value of investments	(5,706,429)	18,574	(287,137)
Reimbursements of expenses			
not separable from investment income	3,083		
Less investment expense	(436,209)	(5,084)	
Net investment income	(3,737,646)	253,897	(214,029)
Capital share and individual account transactions:			
Shares sold		10,102,322	
Reinvested distributions		195,978	
Shares redeemed		(10,136,181)	
Net capital share and individual account transactions		162,119	
<b>Total additions</b>	<b>484,254</b>	<b>416,016</b>	<b>1,185,814</b>
<b>DEDUCTIONS</b>			
Benefit payments	6,582,920		
Refunds	133,069		
Payments in accordance with trust agreements			910,879
Distribution to pool investors		195,978	
Depreciation	1,470		
General and administration	44,254		9,643
<b>Total deductions</b>	<b>6,761,713</b>	<b>195,978</b>	<b>920,522</b>
<b>Net additions (deductions)</b>	<b>(6,277,459)</b>	<b>220,038</b>	<b>265,292</b>
<b>Net Assets, July 1, 2007</b>	<b>74,456,966</b>	<b>6,012,041</b>	<b>2,527,187</b>
<b>Net Assets, June 30, 2008</b>	<b>\$ 68,179,507</b>	<b>\$ 6,232,079</b>	<b>\$ 2,792,479</b>

The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Net Assets**

**Component Units**

June 30, 2008 (Expressed in Thousands)

	Illinois Housing Development Authority	Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 293	\$ 416,687			
Cash and cash equivalents	11,538	32,612	\$ 89,042	\$ 34,150	\$ 23,251
Investments	141,875		12,848	125,241	138,441
Receivables, net:					
Intergovernmental		11,331	238		
Other	9,323	53,962	8,536	12,263	21,005
Due from component units			80,081	10	108
Due from primary government			97,169	976	474
Inventories			4	2,746	3,209
Prepaid expenses		9,801	247	2,046	34
Unamortized bond issuance costs	17,060	10,617	1,413	2,255	2,384
Loans and notes receivable, net	1,946,458		33,166	10,142	10,223
Restricted assets:					
Cash equity with State Treasurer		108,865	33,539		
Cash and cash equivalents		868,184	17,168	65,959	
Investments	630,939	140,089	133,073	57,022	
Other receivables, net		3,931	3,053		
Loans and notes receivable, net			61,862		
Other assets	6,765			1,412	9
Capital assets not being depreciated		943,008	41,951	56,504	45,338
Capital assets being depreciated, net	29,158	3,014,216	15,704	255,153	289,928
<b>Total assets</b>	<b>2,793,409</b>	<b>5,613,303</b>	<b>629,094</b>	<b>625,879</b>	<b>534,404</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	89,928	319,934	11,037	17,327	27,133
Intergovernmental payables					
Due to component units			24,202	13	22,516
Due to primary government	345,734		1,527	311	406
Unearned revenue	1,522	152,138	19,871	7,381	16,127
Assets held for others	168,834			10,006	8,765
Short-term notes payable			2,593		
Other liabilities			25,396		
Long-term obligations:					
Due within one year	105,850	68,019	25,758	7,077	10,870
Due subsequent to one year	1,539,546	3,063,487	334,281	145,448	165,027
<b>Total liabilities</b>	<b>2,251,414</b>	<b>3,603,578</b>	<b>444,665</b>	<b>187,563</b>	<b>250,844</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	(8,726)	1,503,127	28,890	242,599	161,529
Restricted for:					
Debt service		287,974	3,109		
Nonexpendable purposes			97	57,443	36,876
Other expendable purposes	466,109	385		35,332	21,386
Other purposes			62,383		
Unrestricted	84,612	218,239	89,950	102,942	63,769
<b>Total net assets</b>	<b>\$ 541,995</b>	<b>\$ 2,009,725</b>	<b>\$ 184,429</b>	<b>\$ 438,316</b>	<b>\$ 283,560</b>

The accompanying notes to the financial statements are an integral part of this statement.

<b>Southern Illinois University</b>	<b>University of Illinois</b>	<b>Other Universities</b>	<b>Total</b>
			\$ 416,980
\$ 132,467	\$ 329,506	\$ 109,366	761,932
275,991	496,185	24,820	1,215,401
		8,236	19,805
63,673	319,902	44,729	533,393
120	3	10	80,332
9,201	123,037	3,343	234,200
6,586	28,808	3,648	45,001
583	28,424	1,131	42,266
4,191	8,272	2,549	48,741
19,561	62,794	15,097	2,097,441
			142,404
9	293,115	45,319	1,289,754
	1,506,795	88,496	2,556,414
			6,984
			61,862
14,747	41,330	728	64,991
92,482	479,446	118,180	1,776,909
518,249	2,770,262	545,293	7,437,963
1,137,860	6,487,879	1,010,945	18,832,773
50,495	446,484	61,743	1,024,081
		3,376	3,376
	33,581	20	80,332
82	34,951	240	383,251
49,259	156,636	16,760	419,694
20,930	35,647	7,532	251,714
1,100	7,214	1,437	12,344
		5,965	31,361
28,901	225,457	22,863	494,795
330,152	1,976,770	226,382	7,781,093
480,919	2,916,740	346,318	10,482,041
346,574	1,824,861	503,043	4,601,897
20,114	23,028	7,785	342,010
85,828	854,249	60,683	1,095,176
116,218	749,044	57,438	1,445,912
			62,383
88,207	119,957	35,678	803,354
\$ 656,941	\$ 3,571,139	\$ 664,627	\$ 8,350,732

**State of Illinois****Statement of Activities****Component Units**

For the Year Ended June 30, 2008 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Authorities:					
Illinois Housing Development Authority	\$ 280,231	\$ 120,729	\$ 186,728		\$ 27,226
Toll Highway Authority	607,593	608,440			847
Other authorities	208,566	137,555	5,583	\$ 64	(65,364)
Universities:					
Illinois State University	384,651	196,091	28,498	225	(159,837)
Northern Illinois University	477,469	238,779	63,347	2,157	(173,186)
Southern Illinois University	929,148	409,054	93,856	2,992	(423,246)
University of Illinois	4,126,548	1,913,520	815,819	2,412	(1,394,797)
Other universities	802,005	352,857	113,108	2,745	(333,295)
Total	\$ 7,816,211	\$ 3,977,025	\$ 1,306,939	\$ 10,595	\$ (2,521,652)

The accompanying notes to the financial statements are an integral part of this statement.



<b>General revenues</b>			<b>Additions to permanent endowments</b>	<b>Change in net assets</b>	<b>Net assets, July 1, 2007, as restated</b>	<b>Net assets, June 30, 2008</b>
<b>State appropriations</b>	<b>Interest and investment income</b>	<b>Other</b>				
	\$ 3,871			\$ 31,097	\$ 510,898	\$ 541,995
	75,242			76,089	1,933,636	2,009,725
\$ 32,979	13,259	\$ 22,609	\$ 27	3,510	180,919	184,429
147,128	6,225	39,199	3,335	36,050	402,266	438,316
169,956	3,237	390	2,693	3,090	280,470	283,560
363,622	3,538	82,243	2,734	28,891	628,050	656,941
1,174,223	(59,899)	149,744	37,362	(93,367)	3,664,506	3,571,139
348,926	4,772	3,044	6,858	30,305	634,322	664,627
<u>\$ 2,236,834</u>	<u>\$ 50,245</u>	<u>\$ 297,229</u>	<u>\$ 53,009</u>	<u>\$ 115,665</u>	<u>\$ 8,235,067</u>	<u>\$ 8,350,732</u>

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**STATE OF ILLINOIS**  
**Notes to the Financial Statements**  
**June 30, 2008**

<b><i>1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</i></b>
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***A. Basis of Presentation***

The accompanying financial statements of the State of Illinois have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as prescribed in pronouncements of the Governmental Accounting Standards Board (“GASB”).

***B. Financial Reporting Entity***

The State of Illinois is a “primary government” whose financial statements consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The financial statements include all funds, elected offices, departments, and agencies as well as boards, commissions, authorities, and universities for which the State’s elected officials are financially accountable. Financial accountability exists when the State’s governing body appoints a majority of an organization’s governing board and (1) the State can impose its will upon the organization or (2) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the State.

The State’s governing body consists of the legislative, executive, and judicial branches of government. The legislative function is controlled by an elected General Assembly composed of a 59-member Senate and a 118-member House of Representatives. The executive branch consists of the Governor (the chief executive of the State), the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller, and the Treasurer. The judicial branch is composed of a seven-member Supreme Court, five Appellate court districts, and twenty-two Circuit Court judicial districts including Cook County.

The financial statements distinguish between the “primary government” and its “component units.” The State’s participation in a joint venture, related organizations, and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State’s legal entity, is the nucleus of the State’s reporting entity. Component units are legally separate organizations for which the State is financially accountable. The State provided over \$2.2 billion in direct unrestricted expenditures to the State’s component units including restricted grants, employee health insurance, employee retirement contributions, and construction project management during the fiscal year. Complete financial statements of the individual component units can be obtained from the respective component unit’s administrative offices (as listed in parentheses below).

**Fiduciary Component Units**

The State has two fiduciary component units that administer pension (and other employee benefit) trust funds. These entities are legally separate from the State and meet the definition of a component unit because they are fiscally dependent on the State; however, due to their fiduciary nature they are presented in the Fiduciary Fund Statements as pension (and other employee benefit) trust funds along with other primary government fiduciary funds.

1. *Teachers' Retirement System ("TRS")*. TRS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to TRS.
2. *State Universities Retirement System ("SURS")*. SURS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to faculty and staff of State universities, community colleges, and related agencies of which most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to SURS.

**Blended Component Unit**

The following component unit is reported, as exclusion would be misleading to the State's financial statements, as though it is a part of the primary government using the blending method since it provides services primarily to benefit the State:

1. *Office of the Special Deputy Receiver ("OSD")*. The OSD acts as agent for the State of Illinois in supervising the conservation, rehabilitation, or liquidation of insurance companies. The OSD reports on a December 31 year-end. (Administrative Office: 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654).

**Discretely Presented Component Units**

Discretely presented component units are reported in separate columns to emphasize that they are legally separate from the State. The discretely presented component units presented below have a voting majority of their governing bodies appointed by the State.

1. *Illinois Housing Development Authority ("IHDA")*. The IHDA issues notes and bonds to make loans for the acquisition, construction, and rehabilitation of housing and to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there is not sufficient IHDA monies available to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611).
2. *Illinois State Toll Highway Authority ("THA")*. The THA operates a toll highway system to promote the public welfare and to facilitate vehicular traffic by providing convenient, safe, modern, and limited access highways within Illinois. The State substantially approves the THA's budget. The THA reports on a December 31 year-end. (Administrative Offices: 2700 Ogden Avenue, Downers Grove, Illinois 60515).
3. *Illinois Literacy Foundation ("Foundation")*. The Foundation promotes literacy among the residents of the State of Illinois by supporting literacy programs and enhancing

Statewide literacy awareness. The State has the ability to appoint, hire, reassign, and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: 431 South 4th, 1st Floor, Springfield, Illinois 62756).

4. *Illinois Grain Insurance Corporation (“Corporation”)*. The Corporation was created for the purpose of improving the economic stability of agriculture in the State of Illinois by establishing a fund to pay grain producers and other claimants for losses incurred by the failure of a grain dealer or warehouseman. The State has the ability to remove appointed members of the Corporation’s governing board at will. (Administrative Offices: State Fairgrounds, Springfield, Illinois 62794).
5. *Illinois Conservation Foundation (“Foundation”)*. The Foundation was created to promote, support, assist, sustain, and encourage the charitable, educational, scientific, and recreational programs, projects, and policies of the Illinois Department of Natural Resources. The State has the ability to appoint, hire, reassign, and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: Natural Resources Road, Springfield, Illinois 62701-1787).
6. *Comprehensive Health Insurance Plan (“CHIP”) Board*. The CHIP provides an alternate market for health insurance for eligible Illinois residents having a pre-existing health condition. The State substantially approves the CHIP’s budget. (Administrative Offices: 400 West Monroe Street, Suite 202, Springfield, Illinois 62704).
7. *East St. Louis Financial Advisory Authority (“Authority”)*. The Authority was created to provide a secure financial basis for and to furnish assistance to the city of East St. Louis. The State funds certain programs of the Authority. (Administrative Offices: 10 Collinsville Avenue, East St. Louis, Illinois 62201).
8. *Illinois Finance Authority (“Authority”)*. The Authority was created to foster economic development to the public and private institutions that create and retain jobs and improve the quality of life in Illinois by providing access to capital. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606).
9. *Illinois Medical District Commission (“Commission”)*. The Commission was created to maintain and expand a designated “medical district.” The State substantially approves the Commission’s budget. (Administrative Offices: 600 South Hoyne, Chicago, Illinois 60612).
10. *Quad Cities Regional Economic Development Authority (“Authority”)*. The Authority promotes economic development within the counties of Rock Island, Henry, and Mercer in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1830 Second Avenue, Suite 200, Rock Island, Illinois 61201).
11. *Southwestern Illinois Development Authority (“Authority”)*. The Authority promotes economic development within the counties of St. Clair and Madison in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily

liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1022 Eastport Plaza, Collinsville, Illinois 62234).

12. *Southeastern Illinois Economic Development Authority ("Authority")*. The Authority promotes economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton, and White counties and Irvington Township in Washington County. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 200 Potomac Boulevard, Mt. Vernon, Illinois 62864).
13. *Upper Illinois River Valley Development Authority ("Authority")*. The Authority promotes economic development within the counties of Grundy, LaSalle, Bureau, Putnam, Kendall, Kane, McHenry, and Marshall in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 321 West Main Street, Ottawa, Illinois 61350).
14. *Boards of Trustees of Chicago State University ("CSU"), Eastern Illinois University ("EIU"), Governors State University ("GSU"), Northeastern Illinois University ("NEIU"), Northern Illinois University ("NIU"), Western Illinois University ("WIU"), Illinois State University ("ISU"), Southern Illinois University ("SIU"), and University of Illinois ("U of I") ("boards")*. The boards of the respective universities operate, manage, control, and maintain the schools. The State provides significant financial support to the boards of the universities. Certain universities have donor restricted endowments that are restricted as to spending by the donor which are detailed in their separately issued financial statements. The Uniform Management of Institutional Funds Act permits the boards to spend net appreciation of endowments as they determine to be prudent. (Administrative Offices:
  - CSU, 9501 South King Drive, Chicago, Illinois 60628
  - EIU, 113 West Old Main, Charleston, Illinois 61920
  - GSU, Route 54 & Stuenkel Road, University Park, Illinois 60466
  - NEIU, 5500 North St. Louis Avenue, Chicago, Illinois 60625
  - NIU, 204 Lowden Hall, DeKalb, Illinois 60115
  - WIU, 1 University Circle, Macomb, Illinois 61455
  - ISU, Campus Box 1200, Normal, Illinois 61790-1200
  - SIU, Colyer Hall, Carbondale, Illinois 61801
  - U of I, 111 E. Green, MC 434, Champaign, Illinois 61820).

The following component unit must obtain the State's approval for debt issuances:

1. *Will-Kankakee Regional Development Authority ("Authority")*. The Authority promotes economic development within the counties of Will and Kankakee in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 116 North Chicago Street, Suite 101, Joliet, Illinois 60432).

Excluding the following component units from the State's financial statements would be misleading and therefore the component units are included because of the nature of the component units' relationship with the State:

1. *IMSA Fund for Advancement of Education ("IMSA Fund")*. The IMSA Fund was established for the purpose of benefiting, performing the function of, and carrying out certain charitable, educational, literary, and scientific purposes of the Illinois Mathematics and Science Academy, a primary government agency. (Administrative Offices: 1500 West Sullivan Road, Aurora, Illinois 60506-1000).
2. *Illinois Arts Council Foundation ("Foundation")*. The Foundation was established to further charitable, literary, and educational art awareness programs. (Administrative Offices: James R. Thompson Center, 100 West Randolph, Suite 10-500, Chicago, Illinois 60601-3298).

### **Joint Venture**

The State is a participant with the states of Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin in the Great Lakes Protection Fund ("Fund"), an Illinois not-for-profit corporation. The Fund is the nation's first multi-state environmental endowment and was established in 1989 for furthering Federal and State commitments to programs that restore and maintain the Great Lakes' water quality. This purpose is achieved by providing grant money for projects that promote the objectives of the regional Great Lakes Toxic Substance Control Agreement and the binational Great Lakes Water Quality Agreement.

A state becomes a member of the Fund by agreeing to contribute an amount set forth in the Articles of Incorporation. The required contribution from all member states at incorporation was \$81 million. The Fund's net assets on December 31, 2007 were \$135.289 million.

Once a state agrees to make the required contribution, that state's governor becomes a "member" of the Fund. Each member is entitled to appoint two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the Articles of Incorporation. Two-thirds of the Fund's income is used to finance projects compatible with the organization's objectives as set forth in the Articles of Incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state's contribution was invested with the Fund ("state shares"). Illinois received a State share for 2007 of \$669 thousand. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's Administrative Offices at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

### **Related Organizations and Jointly Governed Organizations**

The State's officials are responsible for appointing the majority of the members of the boards of various related organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

The State's officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the various organizations' purpose and, in certain instances, pays annual dues or assessments.

### **C. Basis of Presentation**

#### **Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the State and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the State and between the State and its discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. They often have restrictions that are imposed by management, but can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **Fund Financial Statements**

The fund financial statements provide information about the State's funds, including fiduciary funds and blended component units. Separate statements for each fund category-governmental, proprietary, and fiduciary-are presented. The emphasis on fund financial statements is on the major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, generally result from nonexchange transactions or ancillary activities.



Proprietary fund operating expenses include costs directly related to providing services and producing and delivering goods. All expenses not meeting this definition are reported as nonoperating expenses.

The State reports the following major governmental funds:

**General** – This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. These services include, among others, employment and economic development, education, and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State’s General Fund contains four primary sub-accounts (General Revenue, Education Assistance, Common School, and Medicaid Provider Assessment Program) with numerous secondary sub-accounts.

**Road** – This fund accounts for the activities of the State highway programs including highway maintenance and construction, traffic control and safety, and administering motor vehicle laws and regulations. Funding sources include federal aid, transfers from the Motor Fuel Tax Fund, and various license and fee charges.

**State Construction Account** – This fund accounts for the construction, reconstruction, and maintenance of the State maintained highway system. Funding sources include a portion of motor vehicle registration fees, weight taxes, and transfers from the Motor Fuel Tax Fund.

The State reports the following major proprietary funds:

**Unemployment Compensation Trust** – This fund accounts for the activities of the unemployment insurance program including employer contributions, Federal Unemployment Trust advances, and benefit claims.

**Water Revolving** – This fund accounts for the activities of a revolving loan program for local government drinking water and sewage treatment infrastructure. Certain loans receivable in the fund are restricted due to revenue bond covenants.

**Prepaid Tuition Fund** – This fund accounts for the net assets held by *College Illinois!*, the Illinois prepaid tuition program. The program provides Illinois families with an affordable tax-advantaged method to pay for college.

**Designated Account Purchase Program** – This fund accounts for the activities of the Designated Account Purchase Program including issuance of bonds and acquisition of student loans from lenders. Certain assets in the fund are restricted due to revenue bond covenants.

Additionally, the State reports the following fund types:

**Governmental Fund Types:**

**Special Revenue** – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenues funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**Debt Service** – These funds account for governmental resources obtained and accumulated to pay interest and principal on general long-term debt (other than capital leases, installment purchases, workers' compensation, and unfunded retirement benefit costs).

**Capital Projects** – These funds account for resources obtained and used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general and special obligation bond issues and certificates of participation.

**Permanent** – This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

#### **Proprietary Fund Types:**

**Enterprise** – These funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service** – These funds account for data processing, printing, fleet management, telecommunications, professional services, workers' compensation claims, medical and dental benefits for State employees, and other services provided to agencies of the State on a reimbursement basis.

#### **Fiduciary Fund Types:**

**Pension (and Other Employee Benefit) Trust** – These funds account for resources that are required to be held in trust for the members and beneficiaries of the State's five Public Employee Retirement Systems, the State's Deferred Compensation Plan Fund, and the health insurance postemployment benefit plans for community colleges and for local school districts (excluding Chicago) administered by the State.

**Investment Trust** – These funds (the Public Treasurer's Investment Pool and the Deferred Lottery Prize Winners Trust Fund) account for the external portion of investment pools sponsored by the State.

**Private-Purpose Trust** – These funds account for resources legally held in trust for use by individuals in the State's qualified tuition program under Section 529 of the Internal Revenue Code and other amounts held for individuals, private organizations, and other governments. There is no requirement that any portion of these resources be preserved as capital.

**Agency** – These funds account for collections of child support payments, sales and telecommunications taxes assessed by local governments but collected by the State, and other deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### **Component Units**

The component statements provide aggregate information about the State's discretely presented component units, emphasizing major component units. The State's major component units are the Illinois Housing Development Authority, Illinois State Toll Highway Authority, Illinois State

University, Northern Illinois University, Southern Illinois University, and the University of Illinois.

#### ***D. Measurement Focus and Basis of Accounting***

##### **Government-wide, Proprietary Fund, Fiduciary Fund and Component Unit Financial Statements**

The government-wide, proprietary fund, fiduciary fund, and component unit financial statements are reported using the economic resources measurement focus (except for agency funds which do not have a measurement focus) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements, and donations. On an accrual basis, revenues from self assessed taxes, principally income, excise, and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

##### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of formal debt issues and acquisitions under capital leases and installment purchases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes, and interest income. The tax revenues are recorded by the State as taxpayers earn income (individual income tax, corporate income tax, and other taxes), as sales are made (sales taxes, public utility taxes, motor fuel taxes, and other taxes), or as the taxable event occurs (other taxes) net of estimated overpayments and amounts not expected to be collected. All other revenue sources including fines, penalties, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

##### **Private-Sector Standards**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State generally has elected not to follow subsequent private-sector guidance.

***E. Eliminations***

Eliminations have been made in the government-wide statement of net assets to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Amounts reported in the funds as receivable from or payable to fiduciary funds have been included in the statement of net assets as receivable from and payable to external parties, rather than as internal balances.

Eliminations have been made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function also have been eliminated, so that the allocated expenses are reported only by the function to which they were allocated.

***F. Cash Equivalents***

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of 90 days or less at time of purchase. Cash equivalents consist principally of certificates of deposit, repurchase agreements, and U.S. treasury bills and are stated at cost.

***G. Investments***

Investments are reported at fair value. Generally, the marketable securities are valued at closing prices listed on national securities exchanges and quotes from independent pricing services as of June 30. Real estate and venture capital are valued based upon appraisals and discounted cash flow analysis.

The Illinois Public Treasurers’ Investment Pool, known as The Illinois Funds, operates as a 2a7-like pool and thus reports all investments at amortized cost rather than market value. The fair value of the pool is the same as the value of the pool shares. The Treasurer’s investment policies are governed by State statute. In addition, the Treasurer’s Office has adopted its own investment practices that supplement the statutory requirement. The Treasurer’s Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Jefferson Terrace, 300 West Jefferson Street, Second Level, Springfield, Illinois 62702.

The State’s financial statements contain certain investments that meet the definition of “derivatives.” Derivative investments included in the pension trust funds are described in more detail in Note 3.

***H. Inventories and Prepaid Expenditures***

Inventory is generally reported on the financial statements at moving-average cost. For governmental funds, the State recognizes the costs of material inventories as expenditures when purchased. The inventory amounts reported in the governmental funds do not reflect current appropriable resources, and therefore, the State reserves an equivalent portion of the balance.

For governmental funds, prepaid expenditures are recognized when paid.

## ***I. Interfund Transactions***

The State has the following types of interfund transactions:

**Interfund Loans** – amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

**Services provided and used** - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts at year-end are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**Reimbursements** - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** - flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

## ***J. Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure, are reported at cost or estimated historical cost based on appraisals or deflated current replacement costs. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds of the primary government generally are as follows:

Table 1-1	
Capital Asset Category	Capitalization Threshold
Infrastructure	\$ 250,000
Land	100,000
Land Improvements	25,000
Site Improvements	25,000
Buildings	100,000
Building Improvements	25,000
Equipment	5,000
Works of Art and Historical Treasures	5,000

Certain component units, however, may have adopted different capitalization thresholds. These thresholds can be obtained from their separately issued financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's estimated useful life are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as project costs are incurred. Interest incurred during the construction phase of capital assets used in business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Table 1-2	
Capital Asset Category	Estimated Useful Lives (In Years)
Infrastructure	5-50
Land	N/A
Land Improvements	N/A
Site Improvements	3-50
Buildings	10-60
Building Improvements	10-45
Equipment	3-25
Works of Art and Historical Treasures	5-7

The State and the University of Illinois, a major component unit, do not capitalize certain collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain. These collections are protected, kept unencumbered, cared for and preserved. Proceeds from the sale, exchange, or other disposal of any item belonging to non-capitalized collections of works of art or historical treasures for the State and the University of Illinois must be applied to the acquisition of additional items for the same collection.

#### ***K. Retirement Costs***

Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 16). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and community colleges and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the actuarial requirements. Except for in fiscal year 2004 when the State contributed the majority of the proceeds from a \$10 billion general obligation bond, the State's contributions have been less than the retirement benefits paid during the year for the last twenty-seven fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

Annual pension cost is recorded as an expense in the government-wide statement of activities and is comprised of the State's annual required contribution ("ARC"), which equals normal cost plus interest on unfunded prior service costs and amortization of prior service costs over thirty years,

one year's interest on the net pension obligation and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

***L. Capital Appreciation ("deep-discount") Bonds***

Capital appreciation bonds are those bonds that are issued at stated interest rates significantly below their effective interest rate, resulting in a substantial discount. The implicit interest (i.e., discount) is not paid until the bonds mature. Therefore, the net value of the bonds "accrete" (i.e., the discount is reduced) over the life of the bonds. Capital appreciation bonds are reported in the government-wide statement of net assets at their accreted value.

***M. Compensated Absences***

The liability for compensated absences reported in the government-wide, proprietary and fiduciary fund financial statements consists of unpaid, accumulated vacation and sick leave balances. A liability for these amounts is reported in governmental funds only if the liability has matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997.

Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

Component unit financial statements also include a liability amount for compensated absences. However, they may have adopted different compensated absences policies. These policies can be obtained from their separately issued financial statements.

***N. Bond Premiums, Discounts, and Issuance Costs***

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. Advance Refundings of Debt**

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method. Bonds payable are reported net of these deferred gains and losses.

**P. Net Assets/Fund Balances**

The difference between fund assets and liabilities is “Net Assets” on governmental-wide, proprietary, and fiduciary fund financial statements and “Fund Balance” on governmental fund financial statements.

Fund balances of governmental funds that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balance.

When both unrestricted and restricted net assets or unreserved and reserved fund balances are available for use, the State uses restricted net assets or reserved fund balances first.

**Q. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**R. New Accounting Pronouncements**

Effective for the year ending June 30, 2008, the State adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pensions*, which establishes standards of accounting and financial reporting for postemployment benefit plan (other than pension plans) expenditures, related liabilities or assets, note disclosures, and required supplementary information in the financial reports of states and local governmental employers. Implementation of the Statement required the State to begin recording a liability in the financial statements for the difference between the amount the State contributes for retirees and the actuarially required contribution for funding postemployment benefits other than pension benefits. The Statement was implemented prospectively with no liability recorded at the beginning of the fiscal year.

In addition, the State adopted the remaining portion of GASB Technical Bulletin 2006-1, *Accounting and Financial Reporting for Employers and OPEB Plans for Payments From the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, related to GASB Statement No. 45 which clarifies the application of existing standards of accounting and financial reporting to payments that an employer receives from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D as established in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. As GASB Statement No. 45 was implemented prospectively, the Technical Bulletin did not require any modification to the financial statements.



Also, effective for the year ending June 30, 2008, the State adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, the statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. Implementation of the Statement for the State only impacted financial statement disclosures and did not require any modification to the financial statements.

In addition, effective for the year ending June 30, 2008, the State adopted GASB Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)* which establishes and modifies requirements related to financial statement disclosures by pension plans and by employers that provide benefit and defined contribution pensions.

### **S. Future Adoption of GASB Statements**

Effective for the year ending June 30, 2009, the State will adopt GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which establishes standards of accounting and financial reporting for pollution remediation obligations. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

Also effective for the year ending June 30, 2009, the State will adopt GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* which establishes accounting and financial reporting for land and other real estate held as investments by endowments. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

## **2 NET ASSETS**

### **A. Restatements**

As shown in Tables 2-1 and 2-2, the financial statements have been restated as of July 1, 2007 for the following prior reporting errors:

#### **Governmental Activities**

- Understatement of unearned income tax revenues.
- Understatement of unearned driver's license and fee revenue.
- Lack of allocation of accrued motor fuel tax revenues to other State funds and understatement of accrued shared revenue liabilities associated with shared motor fuel tax revenues.

#### **Business-type Activities**

- Overstatement of allowance for uncollectible receivables for unemployment taxes, penalties, and interest in the Unemployment Compensation Trust Fund.

**Component Units**

- Understatement of accumulated depreciation at Chicago State University.

In addition, the classifications of the following funds have been changed and the financial statements have been restated as of July 1, 2007:

- The Federal Student Loan Fund has been reclassified from a nonmajor governmental fund to a nonmajor enterprise fund.

Table 2-1 (amounts expressed in thousands)

	Governmental Activities				
	Governmental Funds				
	State		Nonmajor		Governmental
	General	Road Fund	Construction Account	Governmental Funds	
<b>Fund Balance/Net Assets, June 30, 2007, as previously reported</b>	\$ (3,827,544)	\$ 336,784	\$ 281,119	\$ 3,067,899	\$ (20,401,568)
Understatement of unearned income taxes	(343,582)		--	--	(343,582)
Understatement of unearned licenses and fees	--	(28,815)	(5,248)	--	(34,063)
Understatement of accrued allocation of motor fuel tax revenues	--	34,640	22,344	(56,984)	--
Understatement of shared revenue associated with motor fuel tax revenues	--	--	--	(65,594)	(65,594)
<b>Fund Balance/Net Assets, June 30, 2007, as restated</b>	<u>\$ (4,171,126)</u>	<u>\$ 342,609</u>	<u>\$ 298,215</u>	<u>\$ 2,945,321</u>	<u>\$ (20,844,807)</u>

Table 2-2 (amounts expressed in thousands)

	Business-type Activities			Component Units	
	Proprietary Funds				
	Unemployment Compensation Trust Fund	Nonmajor Enterprise Funds	Business-Type Activities	Nonmajor Universities	Component Units
<b>Net Assets, June 30, 2007, as previously reported</b>	\$ 2,277,744	\$ 102,932	\$ 4,442,713	\$ 636,225	\$ 8,236,970
Understatement of unemployment tax revenues	31,638	--	31,638	--	--
Reclassification of Federal Student Loan Fund	--	47,962	47,962	--	--
Understatement of accumulated depreciation	--	--	--	(1,903)	(1,903)
<b>Net Assets, June 30, 2007, as restated</b>	<u>\$ 2,309,382</u>	<u>\$ 150,894</u>	<u>\$ 4,522,313</u>	<u>\$ 634,322</u>	<u>\$ 8,235,067</u>

**B. Net Assets Restricted by Enabling Legislation**

The government-wide statement of net assets reports \$5.512 billion of restricted net assets, of which \$5.056 billion is restricted by enabling legislation.

**3 DEPOSITS AND INVESTMENTS**

The State Treasurer is the custodian of the State's deposits and investments for most funds and maintains these deposits and investments in the State Treasury. The investment authority and guidelines for the Treasurer's published investment policy for the State Treasury is found in Section 22.8 of the Deposit of State Moneys Act (15 ILCS 520). The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the State Treasury are not segregated by fund; rather, each contributing fund's balance is treated as equity in the State Treasury. Accordingly, the State Treasury is not reported as a separate fund in this report. Instead, each State fund's and each component unit's balance in the State Treasury is presented as "Cash equity with State Treasurer". Investments held by the State Treasurer in the State Treasury at June 30, 2008, consisted of the following:

Table 3-1 (amounts expressed in thousands)

<b>Investment Type</b>	<b>Fair Value</b>
Repurchase agreements	\$ 1,845,762
U.S. Agency obligations	2,216,434
Commercial paper	1,543,608
Corporate debt securities	29,998
Money market mutual funds	899,562
Private equity	16,496
Equity in Public Treasurers' Investment Pool	1,048,352
Equity in other investment pools	629
Total fair value	<u>\$ 7,600,841</u>

Funds maintained outside the State Treasury have independent statutory authority to manage their own deposits and investments. The investment authority of the Illinois State Board of Investment ("ISBI"), Teachers' Retirement System ("TRS"), and State Universities Retirement System ("SURS") is governed by the Illinois Pension Code (40 ILCS 5). Authorized investments consist of bonds, equities, real estate, venture capital and other activities to be made with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of investing similar retirement trusts. ISBI, TRS, and SURS each have published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2008, except for investments held by ISBI, TRS, and SURS, consisted of the following:

Table 3-2 (amounts expressed in thousands)	
<b>Investment Type</b>	<b>Fair Value</b>
Repurchase agreements	\$ 18,009
U.S. Treasury obligations	1,273,670
U.S. Agency obligations	179,534
Municipal debt	138,058
Commercial paper	5,612
Annuities	2,548
Corporate debt securities	240,119
Debt mutual funds	1,087,938
Equity in Public Treasurers' Investment Pool	5,723,608
Equity in other investment pools	4,336
Money market mutual funds	325,060
Equity securities	632,170
Equity mutual funds	3,396,848
Blended mutual funds	245,493
Guaranteed investment contracts	617,102
Equity trust funds	123,409
Other	10,841
Total fair value	<u>\$ 14,024,355</u>

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, the Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois. The ISBI's member systems retain all of the cash necessary for current operating expenditures in the State Treasury. The amount of cash received by the ISBI's member systems in excess of their current operating expenditures is transferred to the ISBI for purposes of long-term investment. The ISBI is not reported as a separate fund in this report. Instead, each member system's balance in the ISBI is presented as "Equity in the Illinois State Board of Investments". The ISBI has approximately \$158.141 million in deposits and investments greater than the member systems equity due to net investment liabilities of the ISBI.

Investments held by ISBI at June 30, 2008, consisted of the following:

Table 3-3 (amounts expressed in thousands)	
<b>Investment Type</b>	<b>Fair Value</b>
U.S. Treasury obligations	\$ 235,753
U.S. Agency obligations	616,293
Corporate obligations	1,139,739
Common stock and equity funds	4,468,804
Preferred stock	5,095
Foreign debt obligations	31,430
Foreign equity securities	1,757,196
Hedge funds	598,985
Real estate	1,332,081
Private equity	524,629
Money market instruments	307,482
Infrastructure funds	209,976
Bank loans	202,138
Forward foreign currency contracts	(73)
Total Investments	<u>\$ 11,429,528</u>

**CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

***Deposits******Primary Government:***

In accordance with Section 6 of the Public Funds Investment Act (30 ILCS 235), uncollateralized and uninsured deposits may not exceed 75% of the capital stock and surplus of a bank, 75% of the net worth of a savings and loan association or 50% of the unimpaired capital and surplus of a credit union.

The carrying amount and bank balance of cash deposits held by the State Treasury was \$1.657 billion and \$1.655 billion at June 30, 2008, respectively. Of the total bank balance of these cash deposits at June 30, 2008, \$12.450 million was uninsured and uncollateralized.

The carrying amount and bank balance of cash deposits held outside of the State Treasury, except for investments held by ISBI, TRS, and SURS, was \$140.755 million and \$125.898 million at June 30, 2008, respectively. Of the total bank balance of these cash deposits at June 30, 2008, \$2.407 million was uninsured with collateral held by the pledging financial institution in the State's name, \$3.175 million was uninsured with collateral held by the pledging financial institution but not in the State's name and \$12.938 million was uninsured and uncollateralized.

ISBI's policy outlines the control procedures used to monitor custodial credit risk for deposits. These deposits are under the custody of State Street Bank and Trust. State Street Bank and Trust has an AA Long-term Deposit/Debt rating by Standard and Poor's and an Aa1 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits at June 30, 2008, was \$43.667 million and \$43.744 million, respectively. Of the total bank balance at June 30, 2008, \$43.455 million was uninsured and uncollateralized.

TRS's foreign currency held by investment managers at June 30, 2008 totaled \$44.161 million, all of which was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$100,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of the Northern Trust Company which has an AA- Long-term Deposit/Debt rating by Standard and Poor's and an Aa3 rating by Moody's. At June 30, 2008, the carrying amount was \$442.904 million and the bank balance was \$449.681 million, of which \$6.291 million was uninsured and uncollateralized.

**Investments***Primary Government:*

The State does not have a formal policy for custodial credit risk of investments held outside of the State Treasury. The following table summarizes the primary government investments held outside of the State Treasury, except for investments held by ISBI, TRS and SURS, that were subject to custodial credit risk at June 30, 2008:

Table 3-4 (amounts expressed in thousands)	
<u>Investment Type</u>	<u>Fair Value</u>
Uninsured and unregistered with securities held by counterparties	
Repurchase agreements	\$ 5,610
Commercial paper	5,612
Annuities	1,538
Uninsured and unregistered with securities held by counterparties' agents but not in the State's name	
U.S. Treasury obligations	15,760
U.S. Agency obligations	6,380
Municipal debt	5,970

As of June 30, 2008, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in ISBI's name:

Table 3-5 (amounts expressed in thousands)	
<u>Investment Type</u>	<u>Fair Value</u>
ISBI:	
Common stock	\$ 2,025
U.S. government and agency obligations	9,695
Total	<u>\$ 11,720</u>

**CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Primary Government:*

Section 2 of the Public Funds Investment Act limits the State's investments, both inside and outside the State Treasury, to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Additional investments may be authorized in certain funds as exceptions to Section 2 of the Public Funds Investment Act pursuant to State statute prescribing

the activities of a fund. The following table summarizes the Moody's credit quality ratings for debt securities held by the State Treasurer in the State Treasury at June 30, 2008:

Table 3-6 (amounts expressed in thousands)

Investment Type	Aaa	A	P-1	Not Rated	Total
Repurchase agreements	\$ --	\$ --	\$ 1,845,762	\$ --	\$ 1,845,762
U.S. Agency obligations	1,474,031	--	742,403	--	2,216,434
Commercial paper	--	--	1,543,608	--	1,543,608
Corporate debt securities	--	10,000	--	19,998 *	29,998
Money market mutual funds	890,553	--	--	9,009	899,562
Equity in Public Treasurers' Investment Pool	--	--	--	1,048,352 **	1,048,352
Equity in other investment pools	--	--	--	629	629
<b>Total fixed income securities</b>	<b>\$ 2,364,584</b>	<b>\$ 10,000</b>	<b>\$ 4,131,773</b>	<b>\$ 1,077,988</b>	<b>\$ 7,584,345</b>

\* \$19,998 of corporate debt securities are rated A-1 by Standard and Poor's.

\*\* Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.

The following table summarizes the Moody's credit quality ratings for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2008:

Table 3-7 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	P-1	Not Rated*	Total
Repurchase agreements	\$ 5,938	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,938
U.S. Agency obligations	172,678	501	--	--	--	--	6,295	179,474
Municipal debt	53,764	78,626	4,823	--	--	--	845	138,058
Commercial paper	--	--	--	--	--	5,612	--	5,612
Corporate debt securities	122,488	38,817	48,916	25,474	96	--	4,328	240,119
Mutual funds	54,472	506,083	--	--	--	--	527,383	1,087,938
Equity in Public Treasurers' Investment Pool	--	--	--	--	--	--	5,723,608	5,723,608
Equity in other investment pools	--	--	--	--	--	--	4,336	4,336
Money market mutual funds	--	--	--	--	--	--	325,060	325,060
<b>Total subject to credit risk</b>	<b>\$ 409,340</b>	<b>\$ 624,027</b>	<b>\$ 53,739</b>	<b>\$ 25,474</b>	<b>\$ 96</b>	<b>\$ 5,612</b>	<b>\$ 6,591,855</b>	<b>7,710,143</b>
U.S. Treasury obligations								1,273,670
U.S. Agency obligations explicitly guaranteed by U.S. government								60
Repurchase agreements backed by U.S. Treasury obligations								12,071
<b>Total fixed income securities</b>								<b>\$ 8,995,944</b>

\* \$98.434 million of mutual funds were rated A by Standard and Poor's, and all of the Equity in Public Treasurer's Investment Pool amounts along with \$203.384 million of money market mutual funds were rated AAA by Standard and Poor's.

The portfolios of ISBI, TRS, and SURS are managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement. With the exception of certain commingled funds, bonds below B- are not permissible in any of the fixed income investment manager guidelines. However, in circumstances where position downgrades occur, investment managers have been given permission to hold securities due to circumstances such as

a higher peer group rating from another nationally recognized statistical rating organization, firm internal ratings, or other mitigating factors.

The following table summarizes the Moody's credit quality ratings for debt securities held by ISBI at June 30, 2008:

Table 3-8 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Obligations</u>	<u>Foreign Debt Obligations</u>	<u>U.S. Agency Obligations</u>	<u>Total</u>
Aaa	\$ 134,911	\$ 2,940	\$ 616,293	\$ 754,144
Aa	128,871	--	--	128,871
A	145,008	--	--	145,008
Baa	164,563	10,934	--	175,497
Ba	142,247	--	--	142,247
B	291,041	--	--	291,041
Caa	64,919	--	--	64,919
Ca	530	--	--	530
C	556	--	--	556
Not rated	67,093	17,556	--	84,649
<b>Total subject to credit risk</b>	<b>\$ 1,139,739</b>	<b>\$ 31,430</b>	<b>\$ 616,293</b>	<b>1,787,462</b>
U.S. Treasury obligations				235,753
<b>Total fixed income securities</b>				<b>\$ 2,023,215</b>

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2008:

Table 3-9 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Obligations</u>	<u>Foreign Debt Obligations</u>	<u>U.S. Agency Obligations</u>	<u>Municipal Obligations</u>	<u>Short-term Investments</u>	<u>Commingled Funds</u>	<u>Total</u>
Aaa	\$ 1,427,671	\$ 645,198	\$ 2,813,621	\$ 9,840	\$ --	\$ --	\$ 4,896,330
Aa	634,498	135,405	--	13,874	15,888	--	799,665
A	786,171	89,507	--	4,582	--	--	880,260
Baa	749,093	55,505	--	--	--	--	804,598
Ba	120,454	31,682	--	--	--	39,404	191,540
B	122,772	2,773	--	--	--	42,520	168,065
Caa	29,968	--	--	--	--	--	29,968
Ca	10,452	--	--	--	--	--	10,452
C	4,018	--	--	--	--	--	4,018
P-1	--	--	--	--	123,769	--	123,769
Not rated	108,643	33,175	4,281	--	--	--	146,099
<b>Total subject to credit risk</b>	<b>\$ 3,993,740</b>	<b>\$ 993,245</b>	<b>\$ 2,817,902</b>	<b>\$ 28,296</b>	<b>\$ 139,657</b>	<b>\$ 81,924</b>	<b>8,054,764</b>
U.S. Treasury obligations							710,207
U.S. Agency obligations explicitly guaranteed by U.S. government							344,749
Less cash equivalents							(313,227)
<b>Total fixed income securities</b>							<b>\$ 8,796,493</b>



The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2008:

Table 3-10 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Securities</u>	<u>Foreign Debt Securities</u>	<u>U.S. Agency Obligations</u>	<u>Municipal Obligations</u>	<u>Total</u>
AAA	\$ 873,172	\$ 11,361	\$ 2,327,878	\$ 7,694	\$ 3,220,105
AA	837,487	15,856	372	16,928	870,643
A	501,914	(100)	--	--	501,814
BBB	312,193	4,444	367	1,637	318,641
BB	79,217	630	--	--	79,847
B	33,909	--	--	--	33,909
CCC	6,000	--	--	--	6,000
C	647	--	--	--	647
D	737	--	--	--	737
Not rated	269,714	--	258	--	269,972
<b>Total subject to credit risk</b>	<b>\$ 2,914,990</b>	<b>\$ 32,191</b>	<b>\$ 2,328,875</b>	<b>\$ 26,259</b>	<b>5,302,315</b>
U.S. Treasury obligations					933,963
U.S. Agency obligations explicitly guaranteed by U.S. government					153,576
SMP fixed income					11,912
Less cash equivalents					(703,018)
<b>Total fixed income securities</b>					<b>\$ 5,698,748</b>

## INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

### *Primary Government:*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State Treasury limits investments to maturities not to exceed five years with the majority required to be in authorized investments with less than one-year maturity. In addition, no more than 10% of the investment portfolio shall be allocated to investments with a 2 to 4 year maturity band and no more than 10% of the investment portfolio shall be allocated to investments with a 4 to 5 year maturity band. For funds held outside of the State Treasury, excluding pension (and other employee benefit) trust funds, there is no formal policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The following table summarizes the segmented time distribution of the debt securities held by the State Treasurer in the State Treasury at June 30, 2008:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Repurchase agreements	\$ 1,845,762	\$ 1,845,762	\$ --	\$ --	\$ --
U.S. Agency obligations	2,216,434	742,403	1,474,031	--	--
Commercial paper	1,543,608	1,543,608	--	--	--
Corporate debt securities	29,998	19,998	10,000	--	--
Money market mutual funds	899,562	899,562	--	--	--
Equity in Public Treasurers' Investment Pool	1,048,352	1,048,352	--	--	--
Equity in other investment pools	629	--	--	28	601
<b>Total fixed income investments</b>	<b>\$ 7,584,345</b>	<b>\$ 6,099,685</b>	<b>\$ 1,484,031</b>	<b>\$ 28</b>	<b>\$ 601</b>

The following table summarizes the Weighted Average Maturity ("WAM") for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2008. The WAM expresses investment time horizons – the time when investments become due and payable – in years to reflect the dollar size of individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Table 3-12 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase agreements	\$ 18,009	0.003
U.S. Treasury obligations	1,273,670	5.040
U.S. Agency obligations	179,534	6.699
Municipal debt	138,058	5.794
Commercial paper	5,612	0.027
Corporate debt securities	240,119	11.487
Mutual funds	1,087,938	6.373
Equity in Public Treasurers' Investment Pool	5,723,608	0.068
Equity in other investment pools	4,336	0.041
Money market mutual funds	325,060	0.097
<b>Total fixed income investments</b>	<b>\$ 8,995,944</b>	

#### Pensions:

ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted average rate between 80 and 120 percent of the benchmark index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's portfolio. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2008 the effective duration of the Lehman Brothers Aggregate was 3.8 years. At the same point in time, the effective duration of the ISBI debt security portfolio was 4.2 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2008:

Table 3-13 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$ 235,753	5.3
U.S. Agency obligations	<u>616,293</u>	3.4
	\$ 852,046	
Corporate obligations:		
Bank and finance	224,738	4.2
Collateralized mortgage obligations	136,048	1.4
Industrials	609,530	4.9
Other	<u>169,423</u>	5.1
	1,139,739	
Foreign debt obligations	<u>31,430</u>	4.8
Total	<u><u>\$ 2,023,215</u></u>	

TRS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by TRS at June 30, 2008:

Table 3-14 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 to 20 Years	More Than 20 Years
U.S. Treasury obligations	\$ 710,207	\$ 91,291	\$ 274,017	\$ 267,724	\$ 42,435	\$ 34,740
U.S. Agency obligations	3,162,651	103,619	181,888	268,920	825,893	1,782,331
Municipal obligations	28,296	--	--	1,833	12,559	13,904
Corporate debt securities	3,993,740	338,835	889,285	621,347	180,461	1,963,812
Foreign debt securities	993,245	57,461	269,419	351,413	107,225	207,727
Short-term investments	139,657	131,577	8,080	--	--	--
Commingled funds	<u>81,924</u>	<u>--</u>	<u>39,404</u>	<u>42,520</u>	<u>--</u>	<u>--</u>
Total subject to interest rate risk	9,109,720	<u>\$ 722,783</u>	<u>\$ 1,662,093</u>	<u>\$ 1,553,757</u>	<u>\$ 1,168,573</u>	<u>\$ 4,002,514</u>
Less cash equivalents	<u>(313,227)</u>					
<b>Total fixed income securities</b>	<u><u>\$ 8,796,493</u></u>					

SURS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. SURS has not adopted a formal policy specific to interest rate risk. The following table summarizes the time segmented distribution of the debt securities held by SURS at June 30, 2008:

Table 3-15 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 to 20 Years	More Than 20 Years
U.S. Treasury and agency obligations	\$ 3,428,326	\$ 345,817	\$ 335,545	\$ 387,171	\$ 398,155	\$ 1,961,638
Municipal obligations	26,259	475	--	501	25,283	--
Corporate debt securities	2,914,990	288,357	549,470	1,111,456	122,844	842,863
Foreign debt securities	32,191	512	5,260	7,952	(37,237)	55,704
Total subject to interest rate risk	6,401,766	\$ 635,161	\$ 890,275	\$ 1,507,080	\$ 509,045	\$ 2,860,205
Less cash equivalents	(703,018)					
<b>Total fixed income securities</b>	<b>\$ 5,698,748</b>					

## FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or an investment.

### Primary Government:

Only assets held by the State Treasurer and assets held outside the State Treasurer by the Prepaid Tuition Fund and foreign offices are allowed to be used to purchase investments in foreign securities. The State Treasurer is limited by the Deposit of State Moneys Act to investments in debt instruments issued by foreign governments, except the Republic of Sudan, that are guaranteed by the full faith and credit of the foreign government in which the foreign government has not defaulted or been late in payment on similar debt instruments at the time the Treasurer purchases the debt instrument. The Prepaid Tuition Fund has an investment policy limiting international equities to 10% of its total investment portfolio.

The following table summarizes the foreign currency risk, by currency denomination, of the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2008:

Table 3-16 (amounts expressed in thousands)

Currency Denomination	Foreign Short-term Deposits
Canadian Dollar	\$ 5
Euro	14
Hong Kong Dollar	20
Japanese Yen	23
Mexican Peso	28
Other currencies	18
Total deposits and investments subject to foreign currency risk	<u>\$ 108</u>

### Pensions:

The ISBI, TRS, and SURS do not have formal foreign risk policies. ISBI's international portfolio is constructed on the principles of diversification, quality growth and value. Risk of loss arises

from changes in currency exchange rates. International managers may also engage in transactions to hedge currency at their discretion.

TRS's foreign currency risk exposure is primarily derived from its holdings in foreign currency-denominated equity, fixed income investments and foreign currency. TRS's international equity and global fixed income managers, at their discretion, may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

International investment management firms must maintain diversified portfolios for SURS. The System's exposure to foreign currency risk derives from its positions in foreign currency and foreign currency-denominated equity investments.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by ISBI as of June 30, 2008:

<b>Currency Denomination</b>	<b>Foreign Equity Securities</b>	<b>Foreign Debt Obligations</b>	<b>Total</b>
Australian Dollar	\$ 122,274	\$ --	\$ 122,274
British Pound Sterling	360,798	356	361,154
Canadian Dollar	67,312	640	67,952
Danish Krone	20,127	--	20,127
Euro	579,718	3,464	583,182
Hong Kong Dollar	54,097	--	54,097
Japanese Yen	278,817	--	278,817
Norwegian Krone	33,771	--	33,771
Singapore Dollar	33,616	6,137	39,753
South Korean Won	22,323	--	22,323
Swedish Krona	38,233	--	38,233
Swiss Franc	129,365	--	129,365
Other currencies	16,745	20,833	37,578
Total investments subject to foreign currency risk	<u>\$ 1,757,196</u>	<u>\$ 31,430</u>	<u>\$ 1,788,626</u>

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2008:

Table 3-18 (amounts expressed in thousands)

<b>Currency Denomination</b>	<b>Foreign Equity Securities</b>	<b>Foreign Debt Obligations</b>	<b>Other Foreign Obligations</b>	<b>Total</b>
Australian Dollar	\$ 369,540	\$ 15,521	\$ 1,298	\$ 386,359
Brazilian Real	237,193	12,622	(770)	249,045
British Pound Sterling	1,306,883	254,486	12,361	1,573,730
Canadian Dollar	88,742	22,763	1,288	112,793
Euro	2,063,993	304,540	18,168	2,386,701
Hong Kong Dollar	308,826	--	687	309,513
Japanese Yen	1,319,576	119,298	9,521	1,448,395
Mexican Peso	29,133	69,973	1,804	100,910
New Taiwan Dollar	154,635	--	7,523	162,158
New Zealand Dollar	19,416	3,161	201	22,778
Norwegian Krone	99,351	8,164	400	107,915
South African Rand	83,859	--	174	84,033
South Korean Won	210,110	43,543	3,999	257,652
Swedish Krona	49,331	44,539	597	94,467
Swiss Franc	432,090	11,775	168	444,033
Other currencies	425,435	82,860	605	508,900
Total deposits and investments subject to foreign currency risk	<u>\$ 7,198,113</u>	<u>\$ 993,245</u>	<u>\$ 58,024</u>	<u>\$ 8,249,382</u>

In addition to the above, TRS has foreign currency investments in private equity with fair values totaling \$7.792 million (payable in Euros) and real estate with fair values totaling \$75.783 million (payable in Euros) and \$8.975 million (payable in British Pound Sterling).

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2008:

Table 3-19 (amounts expressed in thousands)

<b>Currency Denomination</b>	<b>Foreign Equity Securities</b>	<b>Foreign Debt Obligations</b>	<b>Other Foreign Obligations</b>	<b>Foreign Cash</b>	<b>Total</b>
Australian Dollar	\$ 62,197	\$ 364	\$ (1,248)	\$ 4,457	\$ 65,770
Brazilian Real	4,083	3,027	(4,173)	23,693	26,630
British Pound Sterling	244,281	5,304	(1,626)	(54,623)	193,336
Canadian Dollar	94,875	147	--	(3,125)	91,897
Euro	504,531	9,429	(9,616)	(6,779)	497,565
Hong Kong Dollar	65,304	--	--	284	65,588
Japanese Yen	263,421	12,466	--	(22,322)	253,565
Singapore Dollar	27,767	--	--	7,915	35,682
Swiss Franc	83,921	--	--	(495)	83,426
Other currencies	62,633	1,454	(102)	10,241	74,226
Total investments subject to foreign currency risk	<u>\$ 1,413,013</u>	<u>\$ 32,191</u>	<u>\$ (16,765)</u>	<u>\$ (40,754)</u>	<u>\$ 1,387,685</u>

**COMPONENT UNITS**

The risk disclosures associated with the State's major component unit's deposits and investments are as follows:

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY ("IHDA")****Investments**

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agency obligations	AAA/Aaa	\$ 650,883	\$ 619,193	\$ 24,493	\$ 4,532	\$ 2,665
Municipal and other obligations	AAA/Aaa	2,399	--	471	1,003	925
Total subject to credit risk		653,282	619,193	24,964	5,535	3,590
U.S. Government obligations		64,369	46,595	4,477	3,979	9,318
Repurchase agreements backed by U.S. Government obligations		55,163	--	--	2,675	52,488
Total investments		<u>\$ 772,814</u>	<u>\$ 665,788</u>	<u>\$ 29,441</u>	<u>\$ 12,189</u>	<u>\$ 65,396</u>

**Interest Rate Risk:** IHDA's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

**Credit Risk:** IHDA is limited to investments as described in the State Statutes.

**Concentration of Credit Risk:** IHDA places no limit on the amount that may be invested in any one issuer. More than 5 percent of IHDA's investments are in Federal Home Loan Bank (\$231.235 million), Federal National Mortgage Corporation (\$229.494 million), and Federal Home Loan Mortgage Corporation (\$161.048 million).

**ILLINOIS TOLL HIGHWAY AUTHORITY ("THA")****Investments**

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations:				
	AAA	\$ 7,591	\$ 788	\$ 6,803
	Not rated	15,966	15,966	--
Money market mutual funds	AAA	867,759	867,759	--
Short-term investment fund	Not rated	425	425	--
Total subject to credit risk		891,741	884,938	6,803
U.S. Treasury notes		116,532	58,489	58,043
Total subject to interest rate risk		1,008,273	<u>\$ 943,427</u>	<u>\$ 64,846</u>
Less cash equivalents		(868,184)		
Total investments		<u>\$ 140,089</u>		

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses from rising interest rates, THA's investment policy requires the majority of THA investments to be less than one year maturity with no investment exceeding a ten-year maturity.

## ILLINOIS STATE UNIVERSITY ("ISU")

### Investments

#### University

Table 3-22 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 6 Years</u>
U.S. Agency obligations	AAA/Aaa	\$ 95,358	\$ 12,046	\$ 83,312
Illinois Public Treasurers' Investment Pool	AAA/Not rated	23,769	23,769	--
Money market mutual funds	Not rated	71,143	71,143	--
Total subject to credit risk		190,270	106,958	83,312
U.S. Treasuries		8,298	--	8,298
Total subject to interest rate risk		198,568	\$ 106,958	\$ 91,610
Less cash equivalents		(94,912)		
Total investments		\$ 103,656		

**Interest Rate Risk:** ISU's investment policy does not limit the maturity of investments as a means of managing its exposure to fair value losses arising from an increasing rate environment.

**Credit Risk:** ISU is limited to investments as described in the State Statutes.

**Concentration of Credit Risk:** ISU places no limit on the amount that may be invested in any one issuer. More than 5 percent of ISU's investments are in Federal Farm Credit Bank (\$34.390 million) and Federal Home Loan Bank (\$51.327 million).

#### ISU Foundation

Table 3-23 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Duration (Years)</u>
Bond mutual funds	AA	12,466	4.80
Commodities mutual funds	AA	2,842	1.40
Bank Common Trusts	AAA	5,228	0.26
Total subject to credit risk and interest rate risk		20,536	
Common stock		344	
Equity mutual funds		36,032	
Hedge funds		8,763	
International funds		6,399	
Real estate and limited partnerships		6,533	
Total investments		\$ 78,607	



**Interest Rate Risk:** ISU Foundation's investment policy requires the average duration of the fixed income portfolio to be within 20% of the duration of the index to which the portfolio is benchmarked.

Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable-rate debt. The interest rate risk information for U.S. Treasuries and certificates of deposit is disclosed by specific identification since these investments have a distinct investment objective and are maintained separately.

**Credit Risk:** ISU Foundation's investment policy states that no more than 25% of the fixed income portfolio may be rated below investment grade.

## NORTHERN ILLINOIS UNIVERSITY ("NIU")

### Investments

#### University

Table 3-24 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating*</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AAA	\$ 75,647	\$ 12,025	\$ 58,561	\$ 5,061
Commercial paper	A1	6,634	6,634	--	--
Money market mutual funds	AAA	56	56	--	--
Illinois Public Treasurers' Investment Pool	AAA	10,709	10,709	--	--
Total subject to credit risk and interest rate risk		93,046	<u>\$ 29,424</u>	<u>\$ 58,561</u>	<u>\$ 5,061</u>
Less cash equivalents		<u>(10,765)</u>			
Total investments		<u>\$82,281</u>			

\* Ratings are from Standard and Poor's except commercial paper which is from Moody's.

**Interest Rate Risk:** NIU does not have a formal policy for interest rate risk.

**Credit Risk:** NIU is limited to investments as described in the State Statutes.

**Concentration of Credit Risk:** NIU has no formal policy limiting the amount that may be invested in any one issuer. The NIU has one commercial paper investment of \$6.634 million in CentreStar Cptl. that represents 8% of the total investments of the NIU.

**NIU Foundation**

Table 3-25 (amounts expressed in thousands)

<b>Investment Type</b>	<b>Rating Standard and Poor's</b>	<b>Fair Value</b>	<b>Weighted Average Duration (Years)</b>
Bond mutual funds	AA	\$ 4,209	1.9
	AA	3,453	4.5
	AA	5,931	4.6
	Not Rated	3,358	0.7
Total subject to credit risk and interest rate risk		16,951	
Equity mutual funds		23,035	
Foreign equity mutual funds		5,865	
Common stock		1,321	
Limited partnerships		7,811	
Other		1,177	
Total investments		<u>\$56,160</u>	

**Interest Rate Risk:** NIU Foundation's policy indicates that each manager shall maintain a duration of +/- 20 percent of the effective duration of its benchmark index.

**Credit Risk:** NIU Foundation's policy calls for managers to maintain an overall credit rating of Aa or better by Moody's or AA or better by Standard & Poor's and to hold no more than 15 percent of the portfolio in below investment grade issues (below Baa/BBB).

**Foreign Currency Risk:** NIU Foundation's policy calls for individual international managers to maintain an appropriate diversification with respect to currency and country. The following table summarizes the foreign currency risk by currency denomination for investments held by the Foundation as of June 30, 2008:

Table 3-26 (amounts expressed in thousands)

<b>Currency denomination</b>	<b>Equity Mutual Funds</b>
British Pound Sterling	\$ 697
Euro	2,163
Japanese Yen	557
Swiss Franc	397
All other currency	2,051
Total subject to foreign currency risk	<u>\$ 5,865</u>

**SOUTHERN ILLINOIS UNIVERSITY (“SIU”)****Investments****University**

Table 3-27 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AAA	\$ 97,704	\$ 24,248	\$ 57,443	\$ 16,013
Equity in Public Treasurers' Investment Pool	AAA	124,872	124,872	--	--
Total subject to credit risk		222,576	149,120	57,443	16,013
U.S. Treasuries		34,010	10,710	18,021	5,279
Total subject to interest rate risk		\$ 256,586	\$ 159,830	\$ 75,464	\$ 21,292
Common stock		44			
Less cash equivalents		(124,872)			
Total investments of the University		131,758			
Investments of component units except for SIU-Carbondale Foundation		27,162			
Total investments		\$ 158,920			

**Interest Rate Risk:** Interest rate risk is mitigated by structuring SIU's portfolio so that securities mature to meet the SIU's cash requirements for ongoing operations. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with 20 to 35 percent of assets held in cash equivalents; 10 to 40 percent of assets held in the short-term portfolio; and 35 to 60 percent of assets held in the intermediate-term portfolio.

**Credit Risk:** Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issue or backer will not place an undue financial burden on SIU.

**SIU-Carbondale Foundation**

Table 3-28 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agency obligations	Aaa	\$ 31	\$ --	\$ --	\$ --	\$ 31
U.S. fixed income mutual funds	NR	32,138	32,138	--	--	--
Commercial paper	NR	11,492	11,492	--	--	--
Money market mutual funds	NR	8,100	7,660	--	--	440
Total subject to interest rate risk		51,761	\$ 51,290	\$ --	\$ --	\$ 471
Foreign equity mutual funds		16,358				
Equity mutual funds		48,952				
Total investments		\$ 117,071				

**Custodial Credit Risk:** As of June 30, 2008, the SIU-Carbondale Foundation had \$11.492 million of commercial paper that is held by financial institutions and not in the Foundation's name.

**Foreign Currency Risk:** The SIU-Carbondale Foundation had investments in five different non-U.S. mutual funds. The U.S. dollar balances of the Foundation's investments exposed to foreign currency risk as of June 30, 2008 are categorized by currency below:

Table 3-29 (amounts expressed in thousands)	
<u>Currency denomination</u>	<u>Equity Mutual Funds</u>
British Pound Sterling	\$ 1,254
Euro	4,565
Japanese Yen	1,594
All other currency	8,945
Total subject to foreign currency risk	<u>\$ 16,358</u>

## UNIVERSITY OF ILLINOIS ("U of I")

### Deposits

#### Foundation

The carrying amount and bank balance of cash deposits of U of I's Foundation was \$3.815 million and \$3.273 million at June 30, 2008, respectively. Of the total bank balance of these cash deposits at June 30, 2008, \$697 thousand was uninsured and uncollateralized.

### Investments

**Interest Rate Risk:** U of I and the U of I Foundation, a component unit of the U of I, employ multiple investment managers, of which each has a specific maturity assignment related to operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested in money market instruments. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are Lehman Brothers 1-3 year Government Credit Bond Index and the Lehman Brothers Intermediate Aggregate Bond Index. The manager guidelines provide that the average weighted duration of the portfolio, including option position, not vary from that of their respective performance benchmarks by more than +/-20 percent. The Entity's investments and maturities at June 30, 2008 are illustrated below:

**University**

Table 3-30 (amounts expressed in thousands)

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1 to 5 Years</b>	<b>6 to 10 Years</b>	<b>More Than 10 Years</b>
Certificates of deposit	\$ 400	\$ 400	\$ --	\$ --	\$ --
U.S. Treasury put	4,345	--	--	--	4,345
U.S. Treasury bonds and bills	122,965	53,945	55,536	13,051	433
U.S. Agency obligations	207,900	82,017	62,555	7,587	55,741
Commercial paper	72,577	72,577	--	--	--
Corporate bonds	104,097	6,646	47,002	25,353	25,096
Bond mutual funds	61,776	--	669	61,107	--
Money market mutual funds	413,820	413,820	--	--	--
Illinois Public Treasurers' Investment Pool	2,628	2,628	--	--	--
Non government mortgage-backed securities	65,005	--	2,134	4,064	58,807
Government bonds - non U.S.	3,511	--	3,511	--	--
Repurchase agreements	140,398	140,398	--	--	--
Total subject to interest rate risk	1,199,422	<u>\$ 772,431</u>	<u>\$ 171,407</u>	<u>\$ 111,162</u>	<u>\$ 144,422</u>
U.S. equities	24,385				
Foreign equity securities	32,847				
U.S. equity mutual funds	110,578				
Limited partnerships	9,801				
Preferred stock	880				
Real estate	13,767				
Total investments of the University	1,391,680				
Investments of component units except for U of I Foundation	14,959				
Less cash equivalents	(626,986)				
Total investments	<u>\$ 779,653</u>				

At June 30, 2008, U of I's operating funds pool portfolio had an effective duration of 1.6 years.

**Foundation**

Table 3-31 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury bonds	\$ 11,707	\$ --	\$ 3,078	\$ --	\$ 8,629
U.S. Agency obligations	28,493	--	--	223	28,270
Municipal bonds	223	--	--	223	--
Government bonds - non U.S.	123	--	--	--	123
Government agencies - non U.S.	105	--	105	--	--
Corporate bonds and notes	57,037	--	2,496	1,795	52,746
Mutual funds - bonds	93,859	9,204	39,168	45,453	34
Mutual funds - foreign bonds	309	--	127	170	12
Mutual funds - municipal bonds	2,154	159	672	907	416
Mutual funds - blended bonds	849	--	--	849	--
Mutual funds - money market	42,417	42,417	--	--	--
Total subject to interest rate risk	237,276	<u>\$ 51,780</u>	<u>\$ 45,646</u>	<u>\$ 49,620</u>	<u>\$ 90,230</u>
U.S. equities	238,161				
Foreign equity securities	164,492				
Preferred stock	1,386				
Equity mutual funds	153,702				
Foreign equity mutual funds	19,992				
Real estate and partnerships	389,948				
Foreign real estate and partnerships	15,047				
Other	3,323				
Total investments	<u>\$ 1,223,327</u>				

**Credit Risk:** U of I's policy requires that operating funds be invested in fixed income securities and money market instruments. Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion. It is expected that the average credit quality of the operating funds will not fall below Standard & Poor's AA- or equivalent. At June 30, 2008, U of I and the U of I Foundation had debt securities and quality ratings as shown in the charts below:

**University**

Table 3-32 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's						Less Than
		AAA/Aaa	AAA/ Not Rated	AA/Aa	A/BA	BBB/Baa	BB/Ba	BB or Not Rated
Certificates of deposit	\$ 400	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 400
U.S. Agency obligations	207,900	207,900	--	--	--	--	--	--
Commercial paper	72,577	72,577	--	--	--	--	--	--
Corporate bonds	104,097	21,899	--	15,054	26,404	30,038	2,995	7,707
Bond mutual funds	61,776	1,822	--	59,285	669	--	--	--
Money market mutual funds	413,820	411,171	--	--	--	--	--	2,649
Illinois Public Treasurers' Investment Pool	2,628	--	2,628	--	--	--	--	--
Non government mortgage-backed securities	65,005	62,099	--	702	643	178	182	1,201
Government bonds - non U.S.	3,511	2,322	--	388	439	362	--	--
Repurchase agreements	140,398	--	--	--	--	--	--	140,398
Total subject to credit risk	1,072,112	<u>\$779,790</u>	<u>\$ 2,628</u>	<u>\$75,429</u>	<u>\$28,155</u>	<u>\$ 30,578</u>	<u>\$ 3,177</u>	<u>\$ 152,355</u>
U.S. Treasury put	4,345							
U.S. Treasury bonds and bills	122,965							
Total fixed income securities	<u>\$ 1,199,422</u>							

**Foundation**

Table 3-33 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's					Less Than BB or Not Rated
		AAA	AA	A	BBB	BB	
U.S. Agency obligations	\$ 28,493	\$ 28,493	\$ --	\$ --	\$ --	\$ --	\$ --
Municipal bonds	223	111	80	--	--	--	32
Government bonds - non U.S.	123	--	--	--	123	--	--
Government agencies - non U.S.	105	--	--	105	--	--	--
Corporate bonds and notes	57,037	21,321	5,911	3,399	7,472	3,704	15,230
Mutual funds - bonds	93,859	60,387	14,729	9,045	2,682	4,509	2,507
Mutual funds - foreign bonds	309	6	49	68	46	87	53
Mutual funds - municipal bonds	2,154	788	1,019	249	92	--	6
Mutual funds - blended bonds	849	210	235	280	121	--	3
Mutual funds - money market	42,417	42,417	--	--	--	--	--
Total subject to credit risk	225,569	<u>\$153,733</u>	<u>\$22,023</u>	<u>\$13,146</u>	<u>\$ 10,536</u>	<u>\$ 8,300</u>	<u>\$ 17,831</u>
U.S. Treasury bonds	11,707						
Total fixed income securities	<u>\$237,276</u>						

**Foreign Currency Risk:** The U of I does not have a formal foreign risk policy. The U.S. dollar balances of U of I's and Foundation's cash equivalents and investments exposed to foreign currency risk as of June 30, 2008 are categorized by currency below:

### University

Table 3-34 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>
British Pound Sterling	\$ 9,217	\$ 245	\$ 8,972
Euro	13,737	318	13,419
Hong Kong Dollar	1,548	--	1,548
Japanese Yen	1,581	--	1,581
Swiss Franc	2,697	3	2,694
All other currency	4,667	34	4,633
Total subject to foreign currency risk	<u>\$ 33,447</u>	<u>\$ 600</u>	<u>\$ 32,847</u>

### Foundation

Table 3-35 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>	<u>Foreign Debt Obligations</u>	<u>Real Estate and Partnerships</u>
British Pound Sterling	\$ 50,421	\$ 480	\$ 49,926	\$ 15	\$ --
Euro	51,708	709	42,968	152	7,879
Hong Kong Dollar	6,803	32	6,485	--	286
Japanese Yen	29,184	165	27,180	9	1,830
Swedish Krona	7,467	38	7,429	--	--
Swiss Franc	16,586	578	16,008	--	--
All other currency	41,047	1,374	34,488	133	5,052
Total subject to foreign currency risk	<u>\$203,216</u>	<u>\$ 3,376</u>	<u>\$ 184,484</u>	<u>\$ 309</u>	<u>\$ 15,047</u>

## **DERIVATIVES**

Certain State agencies, principally ISBI, TRS and SURS, invest in derivative securities. These derivative securities have been authorized by the policies of the applicable State agencies and the Illinois Compiled Statutes. A derivative security is an investment whose return on investment depends upon the underlying value of other assets such as commodity prices, bond and stock prices or a market index. In general, a derivative is used to modify exposure to undesirable risks, to increase portfolio liquidity and flexibility or to enhance investment yields within the level of risk defined in the agency's investment guidelines.

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. In order to eliminate credit risk, all derivative securities of ISBI, TRS and SURS are done through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause



the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by ISBI, TRS and SURS by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by governing bodies and senior management, and the risk positions of the investment managers are reviewed periodically to monitor compliance with limits.

ISBI, TRS and SURS invest in the following types of derivatives: foreign currency forward contracts, collateralized mortgage obligations, financial futures and financial options.

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security portfolios. Foreign currency forward contracts are an agreement to purchase or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 2008, the net unrealized gain (loss) of foreign currency forward contracts outstanding for ISBI, TRS and SURS was (\$73) thousand, \$3.394 million and \$4.252 million, respectively.

Collateralized mortgage obligations are securities which are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. As of June 30, 2008, the fair value of collateralized mortgage obligations for ISBI and SURS was \$165.456 million and \$419.858 million, respectively.

Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed-upon price. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial options are agreements that give one party the right, but not the obligation, to purchase or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As writers of financial options, ISBI, TRS and SURS receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in the financial statements as incurred rather than at the time the options are exercised or when they expire. As a purchaser of financial options, ISBI and SURS pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums paid are recorded as an asset when the financial option is purchased and gains/losses are recognized when the options are exercised by the agency or they expire.

As of June 30, 2008, the fair value of option contracts written for TRS and SURS was (\$35) thousand and (\$6.076) million, respectively.

The following table represents the derivative positions held by ISBI, TRS and SURS at June 30, 2008 in financial futures and financial options.

Table 3-36 (amounts expressed in thousands)

Type of Derivative Contract	Contractual Principal Outstanding*		
	Illinois State Board of Investment	Teachers' Retirement System	Universities Retirement System
Domestic interest rate products			
Fixed income futures purchased	\$ 600	\$ 272,871	\$ 6,054,900
Fixed income futures sold	167,444	120,406	116,600
Fixed income put options (written, purchased)	34,700	9,478	969,300
Fixed income call options (written, purchased)	28,300	(39,377)	562,100
International interest rate products			
Fixed income futures purchased	--	100,476	738,911
Fixed income futures sold	--	120,083	338,344
Fixed income put options (written, purchased)	--	--	5,199
Fixed income call options (written, purchased)	--	--	255,424
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	122,986	1,323,697	179,405
S & P 500 Index and other equity futures sold	--	10,441	--
International Equity Products			
Stock index futures purchased	--	11,578	--
Domestic Currency Products			
Currency call options written	--	2,068	--
Currency put options written	--	1,280	--
Currency call options on futures	--	182,914	--
Currency put options on futures	--	1,302	--
Foreign Currency Products			
Forward foreign currency futures (net)	--	1,824,307	--
Foreign currency yield curve (net)	--	303,834	--

\* The contractual principal amounts listed above represent the fair value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual balance sheet values.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

### SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies and component units, principally the State Treasurer, ISBI, TRS, SURS and the University of Illinois, permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies' securities custodians are agents in lending the securities for collateral of at least 102% of the fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on loan at year-end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year-end, agencies had no credit risk exposure to borrowers because the amounts they owed to borrowers exceeded the amounts borrowers owed the agencies and maturities on non-cash collateral received are longer than the lesser of the maturities of the securities lent or the term of the lending transactions. Policies regarding indemnification vary among agencies. Some agencies' contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or the borrowers fail to pay the agency for

income distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

Generally, securities loans can be terminated on demand by either the agency or the borrower, although the average term of the loans is 10 to 29 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 30 to 51 days. The relationship between the maturities of the investment pool and the agency's loans are affected by the maturities of the securities loans made by other entities that use the agent's pool, which the agency cannot determine. The agencies cannot pledge or sell collateral securities received unless the borrower defaults.

The following table summarizes the fair value and related collateral value of outstanding loaned investment securities as of June 30, 2008.

Table 3-37 (amounts expressed in thousands)		
<b>State Agency/Component Unit</b>	<b>Fair Value</b>	<b>Collateral Value</b>
State Treasurer	\$ 1,454,922	\$ 1,570,346
Illinois Student Assistance Commission	163,245	167,529
Illinois State Board of Investments	1,851,953	1,912,743
Teachers' Retirement System	4,518,175	4,677,593
State Universities Retirement System	1,988,800	2,046,500
University of Illinois	129,527	132,774

## 4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2008 are as follows:

Table 4-1 (amounts expressed in thousands)

	Governmental Activities			Business-type Activities	
	General Fund	Nonmajor Funds	Total	Unemployment Compensation Trust Fund	Fiduciary Funds
Income tax	\$ 642,631	\$ 105,511	\$ 748,142	\$ -	\$ -
Less allowance	(289,256)	(52,629)	(341,885)	-	-
Net income tax	353,375	52,882	406,257	-	-
Sales tax	621,984	187,127	809,111	-	-
Less allowance	(170,691)	(50,459)	(221,150)	-	-
Net sales tax	451,293	136,668	587,961	-	-
Motor fuel tax	-	144,484	144,484	-	-
Less allowance	-	(19,864)	(19,864)	-	-
Net motor fuel tax	-	124,620	124,620	-	-
Public utility tax	11,399	12,852	24,251	-	-
Less allowance	(3,141)	(1,583)	(4,724)	-	-
Net public utility tax	8,258	11,269	19,527	-	-
Other tax	106,703	68,176	174,879	-	-
Less allowance	(6,143)	(1,220)	(7,363)	-	-
Net other tax	100,560	66,956	167,516	-	-
Unemployment compensation tax	-	-	-	539,545	-
Less allowance	-	-	-	(106,644)	-
Net unemployment compensation tax	-	-	-	432,901	-
Taxes assessed by other governments	-	-	-	-	142,341
<b>Total taxes receivable, net</b>	<b>\$ 913,486</b>	<b>\$ 392,395</b>	<b>\$ 1,305,881</b>	<b>\$ 432,901</b>	<b>\$ 142,341</b>

## 5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2008 consisted of the following:

Due From	Due To										Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ --	\$ 121	\$ 48,028	\$ --	\$ --	\$ --	\$ --	\$ 77	\$ 8,575	\$ --	\$ 56,801
Road Fund	32	--	57,908	--	--	--	--	--	--	--	57,940
State Construction Account	--	--	35,443	--	--	--	--	--	--	--	35,443
Nonmajor Governmental Funds	286,732	10,845	90,886	4,325	--	--	--	429	10	10,377	403,604
Unemployment Compensation Trust Fund	4,278	346	21	--	--	--	--	--	--	--	4,645
Designated Account Purchase Program Fund	--	--	--	--	--	--	--	1,149	--	--	1,149
Nonmajor Enterprise Funds	74,333	--	--	--	--	--	1	4,794	--	695	79,823
Internal Service Funds	405,425	70,557	31,784	--	242	4	--	535	9,442	860	518,849
Fiduciary Funds	27,357	299	31,031	--	6	--	--	11	211	52	58,967
<b>Total</b>	<b>\$ 798,157</b>	<b>\$ 82,168</b>	<b>\$ 295,101</b>	<b>\$ 4,325</b>	<b>\$ 248</b>	<b>\$ 4</b>	<b>\$ 1</b>	<b>\$ 6,995</b>	<b>\$ 18,238</b>	<b>\$ 11,984</b>	<b>\$ 1,217,221</b>

Interfund due to and due from balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers activity at June 30, 2008 consisted of the following:

Transfers-In	Transfers-Out								Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Internal Service Funds		
General Fund	\$ --	\$ --	\$ 3,338,747	\$ --	\$ --	\$ 643,480	\$ 1,212	\$ 3,983,439	
Road Fund	--	--	328,595	--	--	--	--	328,595	
State Construction Account	--	--	240,052	--	--	--	--	240,052	
Nonmajor Governmental Funds	5,740,781	273,021	1,291,939	15,415	--	10,743	--	7,331,899	
Unemployment Compensation Trust Fund	--	--	1,549	--	--	--	--	1,549	
Designated Account Purchase Program Fund	--	--	--	--	--	681	--	681	
Nonmajor Enterprise Funds	--	--	--	--	2,500	38,704	--	41,204	
<b>Total</b>	<b>\$ 5,740,781</b>	<b>\$ 273,021</b>	<b>\$ 5,200,882</b>	<b>\$ 15,415</b>	<b>\$ 2,500</b>	<b>\$ 693,608</b>	<b>\$ 1,212</b>	<b>* \$ 11,927,419</b>	

\* Transfers out for internal service funds also include \$196 in capital assets to governmental funds.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts to debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### INTERENTITY

The due from amounts for the State of Illinois from its component units, as of June 30, 2008, consisted of the following:

Due To	Due From								Total
	Illinois Housing Development Authority	Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	
General Fund	\$ --	\$ --	\$ --	\$ --	\$ 166	\$ 20	\$ 24,960	\$ 30	\$ 25,176
Road Fund	--	527	--	--	--	--	--	--	527
Nonmajor Governmental Funds	345,734	130	36	14	35	2	478	32	346,461
Unemployment Compensation Trust Fund	--	--	--	3	5	29	105	31	173
Water Revolving Fund	--	--	353	--	--	--	--	--	353
Internal Service Funds	--	3,552	203	185	41	8	6,821	72	10,882
Fiduciary Funds	--	--	935	109	159	23	2,587	75	3,888
<b>Total</b>	<b>\$ 345,734</b>	<b>\$ 4,209</b>	<b>\$ 1,527</b>	<b>\$ 311</b>	<b>\$ 406</b>	<b>\$ 82</b>	<b>\$ 34,951</b>	<b>\$ 240</b>	<b>\$ 387,460</b>

\* The amounts due to the Toll Highway Authority at December 31, 2007, its fiscal year-end, were \$0.

The due to amounts for the State of Illinois to its component units, as of June 30, 2008, consisted of the following:

Due From	Due To							Total
	Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	
General Fund	\$ 2	\$ 2	\$ 612	\$ 190	\$ 6,103	\$ 94,479	\$ 342	\$ 101,730
Road Fund	55	--	--	153	217	3,696	519	4,640
Nonmajor Governmental Funds	11	91	351	63	2,842	22,445	2,482	28,285
Water Revolving Fund	--	97,028	--	--	27	1	--	97,056
Nonmajor Enterprise Funds	--	--	--	--	--	37	--	37
Internal Service Funds	2	--	13	68	12	2,379	--	2,474
Fiduciary Funds	24	48	--	--	--	--	--	72
<b>Total</b>	<b>\$ 94</b>	<b>\$ 97,169</b>	<b>\$ 976</b>	<b>\$ 474</b>	<b>\$ 9,201</b>	<b>\$ 123,037</b>	<b>\$ 3,343</b>	<b>\$ 234,294</b>

\* The amounts due from the Toll Highway Authority at December 31, 2007, its fiscal year-end, were \$0.

Transactions between the State of Illinois and its component units consist mostly of appropriations for general administrative expenses and capital projects. In addition, most of the State's universities receive pass-through and other grants from the State.

## 6 LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2008, consisted of the following:

	Primary Government						
	Governmental Activities			Business-type Activities			
	General Fund	Nonmajor Governmental Funds	Total	Water Revolving Fund	Designated Account Purchase Program Fund	Total	Fiduciary Funds
Student loan program	\$ 50,464	\$ 1,519	\$ 51,983	\$ --	\$ 1,235,798	\$ 1,235,798	\$ 106
Local government infrastructure	--	--	--	1,675,998	--	1,675,998	--
Business loan program	36,478	--	36,478	--	--	--	--
Port district construction	14,968	--	14,968	--	--	--	--
Other	1,698	67,238	68,936	--	--	--	--
	103,608	68,757	172,365	1,675,998	1,235,798	2,911,796	106
Less: Allowance for uncollectible accounts	90,847	1,489	92,336	--	6,968	6,968	22
Total	12,761	67,268	80,029	1,675,998	1,228,830	2,904,828	84
Less: Amounts representing restricted assets	--	--	--	371,657	1,228,830	1,600,487	--
Loans and notes receivable, net	<u>\$ 12,761</u>	<u>\$ 67,268</u>	<u>\$ 80,029</u>	<u>\$ 1,304,341</u>	<u>\$ --</u>	<u>\$ 1,304,341</u>	<u>\$ 84</u>

	Major Component Units				
	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Mortgage loan program	\$ 1,982,143	\$ --	\$ --	\$ --	\$ --
Student loan program	--	11,080	10,397	21,636	65,671
Other	--	--	--	195	--
	1,982,143	11,080	10,397	21,831	65,671
Less: Allowance for uncollectible accounts	35,685	938	174	2,270	2,877
Loans and notes receivable, net	<u>\$ 1,946,458</u>	<u>\$ 10,142</u>	<u>\$ 10,223</u>	<u>\$ 19,561</u>	<u>\$ 62,794</u>



## 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

Table 7-1 (amounts expressed in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
<b>Primary Government</b>					
<b>Governmental activities</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 2,612,548	\$ 56,212	\$ 6,018	\$ 949	\$ 2,663,691
Historical treasures and works of art	37,769	402	--	49	38,220
Construction in progress	65,799	78,249	2,532	(110,730)	30,786
Total capital assets not being depreciated	<u>2,716,116</u>	<u>134,863</u>	<u>8,550</u>	<u>(109,732)</u>	<u>2,732,697</u>
<b>Capital assets being depreciated:</b>					
Infrastructure	22,512,075	1,036,897	606,880	3	22,942,095
Site improvements	717,020	14,315	2,461	11,443	740,317
Buildings and building improvements	4,154,486	3,850	15,434	91,000	4,233,902
Equipment	1,076,262	65,065	38,147	(2,902)	1,100,278
Historical treasures and works of art	1,100	--	--	--	1,100
Total capital assets being depreciated	<u>28,460,943</u>	<u>1,120,127</u>	<u>662,922</u>	<u>99,544</u>	<u>29,017,692</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	9,754,868	977,793	606,880	--	10,125,781
Site improvements	339,759	23,301	1,936	(2,483)	358,641
Buildings and building improvements	1,840,306	116,436	10,695	(2,291)	1,943,756
Equipment	852,438	58,190	36,774	(5,503)	868,351
Historical treasures and works of art	1,100	--	--	--	1,100
Total accumulated depreciation	<u>12,788,471</u>	<u>1,175,720</u>	<u>656,285</u>	<u>(10,277)</u>	<u>13,297,629</u>
Total capital assets being depreciated, net	<u>15,672,472</u>	<u>(55,593)</u>	<u>6,637</u>	<u>109,821</u>	<u>15,720,063</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 18,388,588</u>	<u>\$ 79,270</u>	<u>\$ 15,187</u>	<u>\$ 89</u>	<u>\$ 18,452,760</u>
<b>Depreciation expense for governmental activities was charged to functions as follows:</b>					
Health and social services					\$ 32,124
Education					2,796
General government					50,050
Employment and economic development					8,590
Transportation					997,809
Public protection and justice					56,722
Environmental and business regulation					27,629
Total					<u>\$ 1,175,720</u>

Table 7-2 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Primary Government</b>					
<b>Business-type activities</b>					
<b>Water Revolving Fund:</b>					
<b>Capital assets being depreciated:</b>					
Equipment	\$ 460	\$ 89	\$ --	\$ (167)	\$ 382
Total capital assets being depreciated	460	89	--	(167)	382
<b>Less accumulated depreciation for:</b>					
Equipment	275	2	--	(78)	199
Total accumulated depreciation	275	2	--	(78)	199
Total capital assets being depreciated, net	185	87	--	(89)	183
<b>Water Revolving Fund capital assets, net</b>	185	87	--	(89)	183
<b>Designated Account Purchase Program:</b>					
<b>Capital assets being depreciated:</b>					
Equipment	514	--	--	--	514
Total capital assets being depreciated	514	--	--	--	514
<b>Less accumulated depreciation for:</b>					
Equipment	470	27	--	--	497
Total accumulated depreciation	470	27	--	--	497
Total capital assets being depreciated, net	44	(27)	--	--	17
<b>Designated Account Purchase Program capital assets, net</b>	44	(27)	--	--	17
<b>Nonmajor enterprise funds:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	190	--	--	--	190
Total capital assets not being depreciated	190	--	--	--	190
<b>Capital assets being depreciated:</b>					
Buildings and building improvements	1,589	24	--	--	1,613
Equipment	6,204	601	257	(315)	6,233
Total capital assets being depreciated	7,793	625	257	(315)	7,846
<b>Less accumulated depreciation for:</b>					
Buildings and building improvements	299	45	--	--	344
Equipment	4,947	501	224	(315)	4,909
Total accumulated depreciation	5,246	546	224	(315)	5,253
Total capital assets being depreciated, net	2,547	79	33	--	2,593
<b>Nonmajor enterprise funds capital assets, net</b>	2,737	79	33	--	2,783
<b>Total Business-type activities</b>					
Capital assets not being depreciated	190	--	--	--	190
Capital assets being depreciated, net	2,776	139	33	(89)	2,793
<b>Business-type activities capital assets, net</b>	<u>\$ 2,966</u>	<u>\$ 139</u>	<u>\$ 33</u>	<u>\$ (89)</u>	<u>\$ 2,983</u>
<b>Depreciation expense for business-type activities was charged to functions as follows:</b>					
Water revolving					\$ 2
Designated account purchase program					27
Lottery					174
Other					372
Total					<u>\$ 575</u>

Table 7-3 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Fiduciary Funds</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 1,675	\$ --	\$ --	\$ --	\$ 1,675
Total capital assets not being depreciated	1,675	--	--	--	1,675
<b>Capital assets being depreciated:</b>					
Site improvements	418	--	--	--	418
Buildings and building improvements	14,592	345	--	--	14,937
Equipment	20,005	837	432	--	20,410
Total capital assets being depreciated	35,015	1,182	432	--	35,765
<b>Less accumulated depreciation for:</b>					
Site improvements	316	20	--	--	336
Buildings and building improvements	6,893	391	--	--	7,284
Equipment	16,969	1,058	414	--	17,613
Total accumulated depreciation	24,178	1,469	414	--	25,233
Total capital assets being depreciated, net	10,837	(287)	18	--	10,532
<b>Fiduciary funds capital assets, net</b>	<b>\$ 12,512</b>	<b>\$ (287)</b>	<b>\$ 18</b>	<b>\$ --</b>	<b>\$ 12,207</b>

Table 7-4 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Major Component Units</b>					
<b>Illinois Housing Development Authority:</b>					
<b>Capital assets being depreciated:</b>					
Buildings and building improvements	\$ 1,805	\$ 40,821	\$ --	\$ --	\$ 42,626
Equipment	1,939	88	62	--	1,965
Total capital assets being depreciated	3,744	40,909	62	--	44,591
<b>Less accumulated depreciation for:</b>					
Buildings and building improvements	1,805	11,811	--	--	13,616
Equipment	1,736	143	62	--	1,817
Total accumulated depreciation	3,541	11,954	62	--	15,433
Total capital assets being depreciated, net	203	28,955	--	--	29,158
<b>Capital assets, net</b>	<b>\$ 203</b>	<b>\$ 28,955</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 29,158</b>
<b>Toll Highway Authority:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 272,468	\$ 11,287	\$ 1,078	\$ --	\$ 282,677
Construction in progress	549,347	906,656	--	(795,672)	660,331
Total capital assets not being depreciated	821,815	917,943	1,078	(795,672)	943,008
<b>Capital assets being depreciated:</b>					
Infrastructure	4,668,418	141,545	7,203	795,672	5,598,432
Buildings and building improvements	38,820	214	--	--	39,034
Equipment	186,118	29,410	46,665	--	168,863
Total capital assets being depreciated	4,893,356	171,169	53,868	795,672	5,806,329
<b>Less accumulated depreciation for:</b>					
Infrastructure	2,453,645	204,608	1,440	--	2,656,813
Buildings and building improvements	26,116	1,985	--	--	28,101
Equipment	138,556	7,386	38,743	--	107,199
Total accumulated depreciation	2,618,317	213,979	40,183	--	2,792,113
Total capital assets being depreciated, net	2,275,039	(42,810)	13,685	795,672	3,014,216
<b>Capital assets, net</b>	<b>\$ 3,096,854</b>	<b>\$ 875,133</b>	<b>\$ 14,763</b>	<b>\$ --</b>	<b>\$ 3,957,224</b>

Table 7-4 (continued)  
(amounts expressed in thousands)

	Beginning Balance,	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Major Component Units, continued</b>					
<b>Illinois State University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 14,158	\$ --	\$ --	\$ --	\$ 14,158
Construction in progress	28,172	39,124	--	(24,950)	42,346
Total capital assets not being depreciated	42,330	39,124	--	(24,950)	56,504
<b>Capital assets being depreciated:</b>					
Infrastructure	12,683	--	--	--	12,683
Site improvements	19,484	289	136	6,067	25,704
Buildings and building improvements	354,310	993	3,121	18,883	371,065
Equipment	127,721	8,096	3,083	--	132,734
Total capital assets being depreciated	514,198	9,378	6,340	24,950	542,186
<b>Less accumulated depreciation for:</b>					
Infrastructure	5,136	312	--	--	5,448
Site improvements	7,618	758	136	--	8,240
Buildings and building improvements	167,221	7,211	3,121	--	171,311
Equipment	97,704	7,306	2,976	--	102,034
Total accumulated depreciation	277,679	15,587	6,233	--	287,033
Total capital assets being depreciated, net	236,519	(6,209)	107	24,950	255,153
<b>Capital assets, net</b>	<b>\$ 278,849</b>	<b>\$ 32,915</b>	<b>\$ 107</b>	<b>\$ --</b>	<b>\$ 311,657</b>
<b>Northern Illinois University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 23,110	\$ --	\$ --	\$ --	\$ 23,110
Historic treasures and works of art	450	26	--	(147)	329
Construction in progress	33,805	28,356	--	(40,262)	21,899
Total capital assets not being depreciated	57,365	28,382	--	(40,409)	45,338
<b>Capital assets being depreciated:</b>					
Site improvements	55,200	--	--	2,665	57,865
Buildings and building improvements	417,693	--	256	37,744	455,181
Equipment	158,721	8,349	1,497	--	165,573
Total capital assets being depreciated	631,614	8,349	1,753	40,409	678,619
<b>Less accumulated depreciation for:</b>					
Site improvements	28,313	2,001	--	--	30,314
Buildings and building improvements	207,933	10,573	39	--	218,467
Equipment	134,347	7,048	1,485	--	139,910
Total accumulated depreciation	370,593	19,622	1,524	--	388,691
Total capital assets being depreciated, net	261,021	(11,273)	229	40,409	289,928
<b>Capital assets, net</b>	<b>\$ 318,386</b>	<b>\$ 17,109</b>	<b>\$ 229</b>	<b>\$ --</b>	<b>\$ 335,266</b>

Table 7-4 (continued)  
(amounts expressed in thousands)

	Beginning Balance,	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Major Component Units, continued</b>					
<b>Southern Illinois University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 21,880	\$ --	\$ 335	\$ --	\$ 21,545
Historic treasures and works of art	6,221	56	--	27	6,304
Construction in progress	100,197	46,706	383	(81,887)	64,633
Total capital assets not being depreciated	128,298	46,762	718	(81,860)	92,482
<b>Capital assets being depreciated:</b>					
Infrastructure	8,608	--	--	--	8,608
Site improvements	44,376	108	58	2,507	46,933
Buildings and building improvements	749,572	8,516	2,449	79,208	834,847
Equipment	294,092	16,398	7,771	145	302,864
Total capital assets being depreciated	1,096,648	25,022	10,278	81,860	1,193,252
<b>Less accumulated depreciation for:</b>					
Infrastructure	8,594	13	--	--	8,607
Site improvements	32,312	1,252	58	--	33,506
Buildings and building improvements	371,162	18,723	1,781	--	388,104
Equipment	235,429	16,838	7,481	--	244,786
Total accumulated depreciation	647,497	36,826	9,320	--	675,003
Total capital assets being depreciated, net	449,151	(11,804)	958	81,860	518,249
<b>Capital assets, net</b>	<b>\$ 577,449</b>	<b>\$ 34,958</b>	<b>\$ 1,676</b>	<b>\$ --</b>	<b>\$ 610,731</b>
<b>University of Illinois:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 129,437	\$ 1,283	\$ 459	\$ --	\$ 130,261
Historic treasures and works of art	14,813	661	--	--	15,474
Construction in progress	289,517	244,401	--	(200,207)	333,711
Total capital assets not being depreciated	433,767	246,345	459	(200,207)	479,446
<b>Capital assets being depreciated:</b>					
Site improvements	620,665	--	48	6,243	626,860
Buildings and building improvements	2,788,132	--	730	193,964	2,981,366
Equipment	1,535,141	89,191	45,654	--	1,578,678
Total capital assets being depreciated	4,943,938	89,191	46,432	200,207	5,186,904
<b>Less accumulated depreciation for:</b>					
Site improvements	235,745	21,832	--	--	257,577
Buildings and building improvements	924,574	69,251	436	--	993,389
Equipment	1,098,789	109,017	42,130	--	1,165,676
Total accumulated depreciation	2,259,108	200,100	42,566	--	2,416,642
Total capital assets being depreciated, net	2,684,830	(110,909)	3,866	200,207	2,770,262
<b>Capital assets, net</b>	<b>\$ 3,118,597</b>	<b>\$ 135,436</b>	<b>\$ 4,325</b>	<b>\$ --</b>	<b>\$ 3,249,708</b>

## 8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2008 are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds (note 9)	\$ 20,580,959	\$ 186,476 *	\$ (776,145)	\$19,991,290	\$ 758,860 ^
Special obligation bonds (note 10)	2,398,859	55,484 **	(153,115)	2,301,228	159,186 ^^
Deferred amount on refundings:					
General obligation bonds (note 9)	(62,428)	--	11,390	(51,038)	(10,534)
Special obligation bonds (note 10)	(1,274)	--	424	(850)	(425)
Unamortized premiums:					
General obligation bonds (note 9)	349,592	4,848	(38,612)	315,828	36,486
Special obligation bonds (note 10)	70,148	1,876	(7,079)	64,945	6,924
Unamortized (discounts):					
General obligation bonds (note 9)	(2,325)	--	121	(2,204)	(120)
Total bonds payable	<u>23,333,531</u>	<u>248,684</u>	<u>(963,016)</u>	<u>22,619,199</u>	<u>950,377</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	10,735	258	(1,266)	9,727	1,037
Installment purchases (note 13D)	16,241	2,094	(6,033)	12,302	5,604
Certificates of participation (note 13B)	97,335	--	(7,035)	90,300	5,895
Illinois Emergency Management Agency (note 13C)	25,891	4,124	--	30,015	--
Cape Girardeau bridge (note 13E)	2,152	--	(204)	1,948	1,872
Workers compensation (note 19)	200,748	151,278	(122,343)	229,683	111,013
Auto liability (note 19)	9,308	6,514	(3,616)	12,206	4,249
Compensated absences (note 1M)	431,711	339,078	(327,772)	443,017	31,442
Net pension obligation (note 16)	17,090,697	2,105,358	--	19,196,055	--
Net other postemployment benefits obligation (note 17)	--	1,238,131	--	1,238,131	--
Other obligations (note 13H)	8,888	219	(1,175)	7,932	4,272
Total other long-term obligations	<u>17,893,706</u>	<u>3,847,054</u>	<u>(469,444)</u>	<u>21,271,316</u>	<u>165,384</u>
<b>Total Governmental Activities</b>	<u>\$ 41,227,237</u>	<u>\$ 4,095,738</u>	<u>\$ (1,432,460)</u>	<u>\$43,890,515</u>	<u>\$ 1,115,761</u>

\* Includes \$61,476 of interest accreted on capital appreciation debt.

\*\* Includes \$5,484 of interest accreted on capital appreciation debt.

^ Includes \$1,237 of unaccreted appreciation on capital appreciation debt.

^^ Includes \$979 of unaccreted appreciation on capital appreciation debt.

The liabilities for governmental activities of the primary government have been liquidated in prior years as follows:

**Compensated absences, certificates of participation and capital lease obligations (including installment purchases)** – by the applicable governmental and internal service funds that accounted for the salaries and wages of the related employees or incurred the obligation.

**Workers compensation** – by charges from the Workers' Compensation Revolving Fund, an internal service fund, to the applicable fund that would have paid the salaries and wages of the related employees.

**Net pension obligation** – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the General Assembly Retirement System, the Judges' Retirement System or the State Employees' Retirement System. In addition, appropriations from the General Fund have been used to liquidate amounts for employees who are members of the Teachers' Retirement System or the State Universities Retirement System.

**Net other postemployment benefit obligation** – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the State's group insurance programs. In addition, appropriations from the General Fund are used to liquidate amounts for employees of the State's university component units.

**Other** – by the applicable governmental funds that incurred the obligation as discussed in Note 13.

Changes in long-term obligations for business-type activities for the year ended June 30, 2008 are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2007, as Reclassified	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
<b>Primary Government</b>					
<b>Business-type Activities</b>					
<b>Business-type Activities</b>					
<b>Water Revolving Fund *</b>					
Other long-term obligations:					
Capital lease obligations (note 13A)	\$ --	\$ 6	\$ (1)	\$ 5	\$ 3
Compensated absences (note 1M)	1,224	643	(560)	1,307	139
<b>Total Water Revolving Fund</b>	<u>1,224</u>	<u>649</u>	<u>(561)</u>	<u>1,312</u>	<u>142</u>
<b>Prepaid Tuition Fund:</b>					
Tuition and related accretion payable (note 13G)	956,201	191,544	(45,339)	1,102,406	50,000
Compensated absences (note 1M)	92	56	(69)	79	8
<b>Total Prepaid Tuition Fund</b>	<u>956,293</u>	<u>191,600</u>	<u>(45,408)</u>	<u>1,102,485</u>	<u>50,008</u>
<b>Designated Account Purchase Program:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	3,492,200	--	(2,607,800)	884,400	--
Unamortized (discounts):					
Revenue bonds (note 11)	(12,626)	--	7,667	(4,959)	--
Total bonds and notes payable	<u>3,479,574</u>	<u>--</u>	<u>(2,600,133)</u>	<u>879,441</u>	<u>--</u>
Other long-term obligations:					
Compensated absences (note 1M)	721	419	(529)	611	61
<b>Total Designated Account Purchase Program</b>	<u>3,480,295</u>	<u>419</u>	<u>(2,600,662)</u>	<u>880,052</u>	<u>61</u>
<b>Nonmajor Enterprise Funds:</b>					
Lottery prize awards (note 13F)	1,044	--	(34)	1,010	107
Compensated absences (note 1M)	6,608	3,319	(3,405)	6,522	396
Other obligations (note 13H)	10,310	561	(701)	10,170	9,617
Total Nonmajor Enterprise Funds	<u>17,962</u>	<u>3,880</u>	<u>(4,140)</u>	<u>17,702</u>	<u>10,120</u>
<b>Total Business-type Activities</b>	<u>\$ 4,455,774</u>	<u>\$ 196,548</u>	<u>\$ (2,650,771)</u>	<u>\$ 2,001,551</u>	<u>\$ 60,331</u>

\* as reclassified

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2008 are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
<b>Fiduciary Funds</b>					
Capital lease obligations (note 13A)	\$ 1	\$ 28	\$ (1)	\$ 28	\$ 12
Compensated absences (note 1M)	3,375	347	(262)	3,460	32
<b>Total Fiduciary Funds</b>	<u>\$ 3,376</u>	<u>\$ 375</u>	<u>\$ (263)</u>	<u>\$ 3,488</u>	<u>\$ 44</u>

Changes in long-term obligations for component units for the year ended June 30, 2008 are summarized below:

Table 8-4 (amounts expressed in thousands)

	Balance July 1, 2007, as Reclassified	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
<b>Major Component Units</b>					
<b>Illinois Housing Development Authority:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,595,533	\$401,296	\$(348,355)	\$1,648,474	\$106,640
Notes payable (note 12)	1,666	2,900	--	4,566	--
Deferred amount on refundings (note 11)	(11,591)	608	1,322	(9,661)	(1,279)
Unamortized (discounts) (note 11)	--	(142)	--	(142)	(57)
Unamortized premiums (note 11)	1,912	--	(176)	1,736	123
Total bonds and notes payable	<u>1,587,520</u>	<u>404,662</u>	<u>\$(347,209)</u>	<u>1,644,973</u>	<u>105,427</u>
Other long-term obligations:					
Compensated absences (note 1M)	484	17	(78)	423	423
Total other long-term obligations	<u>484</u>	<u>17</u>	<u>(78)</u>	<u>423</u>	<u>423</u>
<b>Total Illinois Housing Development Authority</b>	<u>\$ 1,588,004</u>	<u>\$404,679</u>	<u>\$(347,287)</u>	<u>\$1,645,396</u>	<u>\$105,850</u>
<b>Illinois State Toll Highway Authority:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 2,382,410	\$700,000	\$(47,350)	\$3,035,060	\$50,030
Deferred amount on refundings (note 11)	(20,399)	--	2,444	(17,955)	(2,472)
Unamortized premiums (note 11)	103,525	--	(6,106)	97,419	6,105
Total bonds and notes payable	<u>2,465,536</u>	<u>700,000</u>	<u>\$(51,012)</u>	<u>3,114,524</u>	<u>53,663</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,016	--	(4,016)	--	--
Accrued self-insurance (note 19)	8,618	6,765	(4,694)	10,689	10,689
Compensated absences (note 1M)	5,700	5,461	(4,909)	6,252	3,626
Other obligations (note 13H)	76	--	(35)	41	41
Total other long-term obligations	<u>18,410</u>	<u>12,226</u>	<u>(13,654)</u>	<u>16,982</u>	<u>14,356</u>
<b>Total Illinois State Toll Highway Authority</b>	<u>\$ 2,483,946</u>	<u>\$712,226</u>	<u>\$(64,666)</u>	<u>\$3,131,506</u>	<u>\$68,019</u>
<b>Illinois State University:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 85,476	\$32,026	\$(5,228)	\$112,274	\$5,196 ^
Notes payable (note 12)	100	--	(100)	--	--
Unamortized premiums (note 11)	396	--	(56)	340	56
Unamortized (discounts) (note 11)	(980)	--	55	(925)	(50)
Total bonds and notes payable	<u>84,992</u>	<u>32,026</u>	<u>(5,329)</u>	<u>111,689</u>	<u>5,202</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	331	--	(203)	128	128
Certificates of participation (note 13B)	--	22,230	--	22,230	--
Unamortized (discounts) (note 13B)	--	(93)	--	(93)	--
Compensated absences (note 1M)	18,332	1,623	(1,722)	18,233	1,713
Other obligations (note 13H)	306	32	--	338	34
Total other long-term obligations	<u>18,969</u>	<u>23,792</u>	<u>(1,925)</u>	<u>40,836</u>	<u>1,875</u>
<b>Total Illinois State University</b>	<u>\$ 103,961</u>	<u>\$55,818</u>	<u>\$(7,254)</u>	<u>\$152,525</u>	<u>\$7,077</u>
<b>Northern Illinois University:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 109,596 *	\$1,591	\$(5,945)	\$105,242	\$5,945 ^^
Notes payable (note 12)	1,060	--	(434)	626	396
Total bonds and notes payable	<u>110,656</u>	<u>1,591</u>	<u>(6,379)</u>	<u>105,868</u>	<u>6,341</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	20,169 *	812	(352)	20,629	368
Certificates of participation (note 13B)	5,265	--	(345)	4,920	365
Compensated absences (note 1M)	23,470	746	(196)	24,020	1,934
Other obligations (note 13H)	13,290	8,587	(1,417)	20,460	1,862
Total other long-term obligations	<u>62,194</u>	<u>10,145</u>	<u>(2,310)</u>	<u>70,029</u>	<u>4,529</u>
<b>Total Northern Illinois University</b>	<u>\$ 172,850</u>	<u>\$11,736</u>	<u>\$(8,689)</u>	<u>\$175,897</u>	<u>\$10,870</u>

^ Includes \$134 of unaccrued appreciation on capital appreciation debt.

^^ Includes \$115 of unaccrued appreciation on capital appreciation debt.

\* as reclassified



Table 8-4 (continued)  
(amounts expressed in thousands)

	Balance July 1, 2007, as Reclassified	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
<b>Major Component Units, continued</b>					
<b>Southern Illinois University:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 235,404	\$ 34,413	\$ (13,465)	\$ 256,352	\$ 12,687 <sup>^</sup>
Notes payable (note 12)	255	--	(167)	88	88
Deferred amount on refundings (note 11)	(2,281)	--	248	(2,033)	(248)
Unamortized premiums (note 11)	5,196	1,360	(260)	6,296	312
Total bonds and notes payable	<u>238,574</u>	<u>35,773</u>	<u>(13,644)</u>	<u>260,703</u>	<u>12,839</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	3,115	88	(1,792)	1,411	1,097
Certificates of participation (note 13B)	30,950	--	(2,590)	28,360	2,670
Unamortized (discounts) (note 13B)	(73)	--	4	(69)	(3)
Accrued self-insurance (note 19)	12,699	10,460	(7,471)	15,688	7,580
Compensated absences (note 1M)	46,820	5,398	(4,251)	47,967	4,121
Other obligations (note 13H)	25,936	2,274	(23,217)	4,993	597
Total other long-term obligations	<u>119,447</u>	<u>18,220</u>	<u>(39,317)</u>	<u>98,350</u>	<u>16,062</u>
<b>Total Southern Illinois University</b>	<u>\$ 358,021</u>	<u>\$ 53,993</u>	<u>\$ (52,961)</u>	<u>\$ 359,053</u>	<u>\$ 28,901</u>
<b>University of Illinois:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,075,579	\$113,487	\$ (71,005)	\$1,118,061	\$126,679 <sup>^^</sup>
Deferred amount on refundings (note 11)	(17,617)	(2,663)	1,127	(19,153)	(1,133)
Unamortized premiums (note 11)	34,597	--	(1,209)	33,388	1,261
Unamortized (discounts) (note 11)	(512)	--	512	--	--
Total bonds and notes payable	<u>1,092,047</u>	<u>110,824</u>	<u>(70,575)</u>	<u>1,132,296</u>	<u>126,807</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	20,872 <sup>*</sup>	8,164	(6,397)	22,639	6,628
Certificates of participation (note 13B)	440,770	231,210	(83,290)	588,690	18,560
Deferred amount on refundings (note 13B)	(14,364)	(2,027)	1,586	(14,805)	(1,950)
Unamortized premiums (note 13B)	11,713	5,971	(1,612)	16,072	1,737
Accrued self-insurance (note 19)	156,178	65,165	(44,175)	177,168	48,591
Compensated absences (note 1M)	210,166	22,262	(18,084)	214,344	18,084
Other obligations (note 13H)	63,308	3,391	(876)	65,823	7,000
Total other long-term obligations	<u>888,643</u>	<u>334,136</u>	<u>(152,848)</u>	<u>1,069,931</u>	<u>98,650</u>
<b>Total University of Illinois</b>	<u>\$ 1,980,690</u>	<u>\$444,960</u>	<u>\$ (223,423)</u>	<u>\$2,202,227</u>	<u>\$225,457</u>

<sup>^</sup> Includes \$128 of unaccrued appreciation on capital appreciation debt.

<sup>^^</sup> Includes \$461 of unaccrued appreciation on capital appreciation debt.

<sup>\*</sup> as reclassified

## 9 GENERAL OBLIGATION BONDS

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2008 are as follows:

Table 9-1 (amounts expressed in thousands)

### Governmental Activities

		Original Issue Amount	Final Maturity	Interest Rate Ranges	Anti- Pollution	Capital Development	Coal Development
<b>General:</b>							
1983-T		\$ 17,000	8/1/2008	8.25%	\$ 680	\$ --	\$ --
1983-U		10,000	12/1/2008	8.5%	400	--	--
1984-V		12,000	4/1/2009	8.75%	480	--	--
1984-W		20,000	9/1/2009	8.75%	1,600	--	--
<b>Multiple Purpose Series:</b>							
January	1988	93,003	8/1/2008	Accreted*	1,028	7,634	147
October	1988	225,000	8/1/2008	Accreted*	1,539	18,464	769
November	1989	250,000	8/1/2010	Accreted*	1,724	48,950	--
November	1990	250,000	8/1/2011	Accreted*	--	56,287	--
September	1991	209,793	8/1/2012	Accreted*	833	54,777	1,512
October	1992	249,991	8/1/2013	Accreted*	1,504	73,074	1,194
October	1993	169,399	8/1/2015	Accreted*	7,636	30,063	450
October	1994	209,816	8/1/2016	Accreted*	10,808	86,390	3,140
December	1995	315,795	12/1/2011	5.125%	--	--	--
December	1995	184,205	12/1/2020	5.125% to 5.25%	--	32,298	--
February	1997	84,945	2/1/2011	5.1% to 5.15%	--	--	--
February	1997	165,055	2/1/2012	5.1% to 5.2%	3,098	14,990	--
July	1997	100,000	7/1/2022	4.7% to 5.25%	12,574	23,053	--
November	1997	168,330	8/1/2019	Accreted*	--	127,260	--
April	1998	119,850	4/1/2012	5.0% to 5.5%	--	--	--
April	1998	130,150	4/1/2023	5.0% to 5.5%	--	82,363	3,286
June	1998	200,000	6/1/2023	4.75% to 5.0%	--	36,300	--
November	1998	122,334	8/1/2020	Accreted*	--	61,581	--
March	1999	169,255	3/1/2013	5.0% to 5.125%	--	--	--
March	1999	230,745	3/1/2024	4.75% to 5.125%	3,039	64,492	1,196
June	1999	250,000	6/1/2024	5.0% to 5.375%	--	119,917	--
October	1999	100,000	10/1/2017	5.5% to 6.0%	--	998	2,503
January	2000	160,000	1/1/2020	5.375% to 6.1%	--	27,169	--
April	2000	300,000	4/1/2025	5.0% to 5.7%	--	62,400	--
June	2000	300,000	6/1/2019	5.25% to 5.7%	720	24,480	--
August	2000	300,000	8/1/2025	5.0% to 5.625%	--	44,250	--
October	2000	101,855	8/1/2022	Accreted*	--	31,444	--
December	2000	300,000	12/1/2025	4.5% to 5.75%	3,841	92,176	1,500
April	2001	112,810	4/1/2016	5.25% to 5.375%	--	--	--
April	2001	163,190	4/1/2021	5.25% to 5.375%	4,897	35,613	1,781
May	2001	300,000	5/1/2026	4.3% to 5.5%	--	111,167	2,300
August	2001	375,000	8/1/2026	5.0% to 5.5%	6,260	68,860	3,130
November	2001	375,000	11/1/2026	5.0% to 6.0%	6,587	78,513	--
December	2001	318,775	10/1/2014	5.0% to 5.375%	--	--	--
February	2002	375,000	2/1/2027	4.6% to 5.5%	7,600	95,000	--
March	2002	375,000	4/1/2027	5.1% to 5.5%	--	97,200	--
April	2002	79,695	4/1/2013	5.25% to 5.5%	--	--	--
July	2002	395,000	7/1/2027	3.5% to 5.375%	5,494	64,747	2,354
August	2002	564,900	8/1/2019	5.25% to 5.5%	--	--	--
October	2002	395,000	10/1/2027	4.75% to 5.25%	--	76,962	--
October	2002	62,079	8/1/2024	Accreted*	3,843	11,591	1,537
December	2002	400,000	12/1/2027	3.25% to 5.375%	4,785	178,350	2,175
June	2003	460,000	6/1/2028	3.0% to 5.0%	11,027	113,945	--
June	2003	10,000,000	6/1/2033	2.5% to 5.1%	--	--	--
A-October	2003	363,000	10/1/2020	4.0% to 5.25%	4,625	24,190	--
B-October	2003	40,170	10/1/2021	Variable**	--	--	--
B-October	2003	559,830	10/1/2033	Variable**	18,990	104,965	--
A-March	2004	484,400	3/1/2034	5.0%	13,625	132,475	--
B-March	2004	344,775	3/1/2014	5.0%	--	--	--
September	2004	285,000	9/1/2029	4.5% to 5.0%	--	39,600	--
November	2004	275,000	11/1/2029	5.0%	4,400	103,510	--
April	2005	315,000	4/1/2030	5.0%	--	74,800	--
September	2005	300,000	9/1/2030	3.25% to 5.0%	--	109,480	--
January	2006	325,000	1/1/2031	5.0% to 5.5%	--	108,560	2,760
June	2006	274,950	1/1/2021	5.0%	--	--	--
A-June	2006	285,000	6/1/2031	5.0%	--	172,040	3,490
B-June	2006	15,000	6/1/2011	4.25%	--	9,000	--
April	2007	150,000	4/1/2032	4.5% to 5.0%	--	91,200	--
A-June	2007	108,000	6/1/2025	4.25% to 5.5%	--	40,156	--
B-June	2007	329,000	1/1/2021	4.25% to 5.25%	--	--	--
April	2008	125,000	4/1/2033	4.0% to 5.0%	--	100,000	--
<b>Total</b>		<b>\$24,849,095</b>			<b>\$ 143,637</b>	<b>\$ 3,262,734</b>	<b>\$ 35,224</b>
<b>Authorized but Unissued</b>					<b>\$ 23,554</b>	<b>\$ 823,446</b>	<b>\$ 561,894</b>

\* Accreted bonds are shown at their accreted values as of 6/30/08. Imputed interest rates on these capital appreciation bonds range from 3.23% to 7.9%.

\*\* See Note 14--Derivatives for details on the variable rate bonds.

Table 9-1 (amounts expressed in thousands)  
(continued)

Pension	School Construction	Transportation "A"	Transportation "B"	Refunding	Principal Outstanding June 30, 2008	Amount Related to Capital Assets
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 680	\$ --
--	--	--	--	--	400	--
--	--	--	--	--	480	--
--	--	--	--	--	1,600	--
--	147	4,404	293	--	13,653	2,020
--	1,077	7,386	5,385	--	34,620	4,391
--	2,068	17,236	16,202	--	86,180	15,010
--	--	26,706	19,721	--	102,714	20,876
--	1,397	23,211	21,876	--	103,606	22,681
--	3,573	20,893	31,215	22,033	153,486	34,729
--	103	28,157	13,087	--	79,496	19,937
--	--	15,895	17,166	--	133,399	26,652
--	--	--	--	1,046	1,046	690
--	605	--	4,281	--	37,184	21,653
--	--	--	--	2,029	2,029	1,342
--	1,286	--	6,197	--	25,571	10,243
--	--	--	6,287	--	41,914	9,788
--	--	--	19,133	--	146,393	56,016
--	--	--	--	15,555	15,555	9,385
--	--	--	--	--	85,649	60,004
--	26,400	--	3,300	--	66,000	23,236
--	1,513	--	16,205	--	79,299	23,280
--	--	--	--	94,480	94,480	65,318
--	62,810	--	15,983	--	147,520	36,830
--	10,083	--	--	--	130,000	76,745
--	23,800	4,200	3,500	--	35,001	5,198
--	23,625	7,875	4,331	--	63,000	20,467
--	52,000	31,200	10,400	--	156,000	70,997
--	21,600	20,400	4,800	--	72,000	37,112
--	29,500	59,000	44,250	--	177,000	85,508
--	48,623	--	--	--	80,067	16,647
--	67,083	--	--	--	164,600	50,693
--	--	--	--	110,935	110,935	62,232
--	17,001	13,355	--	--	72,647	26,892
--	53,667	53,667	9,200	--	230,001	113,536
--	68,860	71,990	15,650	--	234,750	104,010
--	99,261	39,520	23,119	--	247,000	79,413
--	--	--	--	183,495	183,495	105,719
--	114,000	38,000	30,400	--	285,000	72,330
--	93,600	43,200	36,000	--	270,000	93,790
--	--	--	--	44,880	44,880	34,052
--	133,418	92,215	11,772	--	310,000	123,568
--	--	--	--	494,255	494,255	277,873
--	153,924	50,025	23,089	--	304,000	83,922
--	--	26,905	3,844	--	47,720	24,613
--	53,940	65,250	43,500	--	348,000	143,927
--	117,621	73,513	22,054	--	338,160	127,755
9,950,000	--	--	--	--	9,950,000	--
--	49,335	42,810	9,290	229,015	359,265	179,618
--	--	--	--	40,170	40,170	20,738
--	211,945	183,945	39,985	--	559,830	238,074
--	137,220	146,665	28,385	--	458,370	206,766
--	--	--	--	241,200	241,200	127,594
--	88,000	105,600	17,600	--	250,800	115,744
--	73,260	49,280	11,550	--	242,000	72,660
--	72,160	107,360	22,880	--	277,200	146,191
--	85,560	53,360	27,600	--	276,000	85,864
--	91,080	56,120	40,480	--	299,000	96,839
--	--	--	--	238,290	238,290	126,537
--	19,320	31,470	35,880	--	262,200	125,659
--	--	--	--	--	9,000	9,000
--	22,080	10,560	20,160	--	144,000	61,138
--	9,824	12,750	39,270	--	102,000	37,505
--	--	--	--	305,500	305,500	127,331
--	--	10,000	15,000	--	125,000	34,606
<u>\$ 9,950,000</u>	<u>\$ 2,142,369</u>	<u>\$ 1,644,123</u>	<u>\$ 790,320</u>	<u>\$ 2,022,883</u>	<u>19,991,290</u>	<u>\$ 4,112,944</u>
<u>\$ --</u>	<u>\$ 183,584</u>	<u>\$ 99,204</u>	<u>\$ 244,082</u>	<u>\$ 829,616</u>		
			Deferred amount on refundings		(51,038)	(26,642)
			Unamortized premiums		315,828	134,467
			Unamortized (discounts)		(2,204)	--
			<b>Total</b>		<u>\$ 20,253,876</u>	<u>\$ 4,220,769</u>

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction, and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Bonds were also issued for the purpose of making contributions to the following designated retirement systems: State Employees' Retirement System of Illinois; Teachers' Retirement System of the State of Illinois; State Universities Retirement System; Judges' Retirement System of Illinois; and General Assembly Retirement System. In addition, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. Effective July 30, 2004, general obligation bonds are to be redeemed over a period not to exceed 25 years from available resources in the debt service funds. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 30 years. With the exception of anti-pollution bonds, Illinois offerings generally have a call option of the State. Calls can begin 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and at a redemption price not to exceed par value.

Changes in general obligation bonds during the year ended June 30, 2008, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2008 are as follows:

Table 9-2 (amounts expressed in thousands)			
Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 760,097	\$ 945,130	\$ 1,705,227
2010	744,982	919,972	1,664,954
2011	733,797	892,172	1,625,969
2012	716,444	866,527	1,582,971
2013	703,915	839,296	1,543,211
2014-2018	3,344,939	3,744,981	7,089,920
2019-2023	3,472,958	2,954,672	6,427,630
2024-2028	4,309,040	2,021,400	6,330,440
2029-2033	5,335,804	844,116	6,179,920
2034-2038	80,795	2,324	83,119
	20,202,771	\$ 14,030,590	\$34,233,361
Less: Unaccreted appreciation	(211,481)		
	19,991,290		
Deferred amount on refundings	(51,038)		
Unamortized premiums	315,828		
Unamortized (discounts)	(2,204)		
<b>Total</b>	<b>\$ 20,253,876</b>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2008 valuations and risks associated with these bonds are included in Note 14—Derivatives.

## 10 SPECIAL OBLIGATION BONDS

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program and the State's Metropolitan Civic Center Support Program, and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities; expansion of health and human services in the State; protection, preservation, restoration and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State has pledged the following portions of the State's tax revenues, net of related expenses, to annually repay the debt service requirements of the remaining principal and interest of \$3.1 billion in special obligation bonds related to the Build Illinois Program:

	Annual Revenue Amount	Total Revenue for Source
4.44% of general sales tax revenues plus \$37.8 million	\$ 467,872	\$ 10,142,098
50% of hotel operators tax	110,323	219,781
\$5 million of vehicle use tax	5,000	36,239
Total	<u>\$ 583,195</u>	<u>\$ 10,398,118</u>
Principal and interest requirements	<u>\$ 265,922</u>	
Percentage to principal and interest requirements	<u>219%</u>	

The annual revenue amounts are generally consistent year to year with increases or decreases related to economic conditions in the State. Additional issuances of bonds for the Build Illinois Program cannot be undertaken if the debt service exceeds 5% of the State's total sales tax revenues.

The State's Metropolitan Civic Center Support Program was implemented to provide funding for single or multi-purpose projects. The primary function of which is to provide public entertainment, exhibitions or conventions, or to provide parking facilities related thereto. Also, a portion (not to exceed \$10 million) is authorized for the purpose of making construction and improvement grants by the Secretary of State, as State Librarian, to public libraries and library systems.

The State originally pledged a portion of the State's horse racing privilege tax to repay the principal and interest of \$174 million in special obligation bonds related to the State's Metropolitan Civic Center Support Program. Upon the abolishment of the horse racing privilege tax, the State annually uses amounts from the General Revenue Account (a subaccount of the General Fund) to pay the debt service of the special obligation bonds related to the State's Metropolitan Civic Center Support Program.

Effective July 30, 2004, special obligation bonds are to be redeemed over a period not to exceed 25 years. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2008, are as follows:

Table 10-2 (amounts expressed in thousands)

**Governmental Activities**

	Original Issue Amount	Final Maturity	Interest Rate Ranges	Build Illinois		
				Public Infrastructure	Business Development	Education
Series 1990-A	\$ 88,645	12/15/2008	6.5%	\$ --	\$ --	\$ --
Series 1990-B	4,601	12/15/2019	Accreted*	--	--	--
Series L	52,001	6/15/2015	Accreted*	57,785	2,734	6,765
Series 1991	74,895	12/15/2020	6.25%	--	--	--
Series O	22,711	6/15/2013	Accreted*	--	--	--
Series P	100,000	6/15/2022	6.5%	51,968	--	15,055
Series Q	416,890	6/15/2012	6.0%	--	--	--
Series S	256,815	6/15/2010	5.0% to 5.1%	--	--	--
Series S	74,830	6/15/2018	5.0% to 5.25%	8,735	--	6,097
Series U	100,000	6/15/2019	5.0%	21,427	--	22,455
Series W	80,000	6/15/2016	5.0%	29,979	--	12,508
Series X	60,000	6/15/2017	5.2% to 5.6%	28,280	--	5,427
Series Y	145,475	6/15/2018	4.9% to 5.25%	--	--	--
Series 1998	37,590	12/15/2015	4.7% to 5.0%	--	--	--
Series Z	60,000	6/15/2019	4.25% to 5.0%	26,150	--	4,237
Series 2000	50,280	12/15/2015	4.7% to 5.5%	--	--	--
Series of May 2000	125,000	6/15/2020	6.0% to 6.25%	51,480	14,300	2,860
Series of March 2001	125,165	6/15/2016	5.5%	--	--	--
Series of June 2001	125,000	6/15/2021	5.125% to 5.5%	64,600	11,400	11,400
Series of September 2001	110,450	6/15/2020	4.5% to 5.375%	--	--	--
Series of April 2002	150,000	6/15/2027	5.5% to 6.0%	57,000	9,000	21,000
Series May 2002	50,310	6/15/2014	5.5%	--	--	--
Second Series of May 2002	94,815	6/15/2020	5.5% to 5.75%	--	--	--
Series of November 2002	182,225	6/15/2022	5.0% to 5.25%	119,163	13,519	27,037
Series of December 2002	54,350	6/15/2018	5.0% to 5.25%	--	--	--
Series of March 2003	75,775	6/15/2015	5.0% to 5.25%	--	--	--
Series of July 2003	150,000	6/15/2028	4.0% to 5.25%	88,200	17,640	26,460
Series of March 2004	200,000	6/15/2028	4.0% to 5.0%	91,770	14,490	77,280
Series of February 2005	75,000	6/15/2029	3.0% to 5.0%	23,789	26,250	14,766
Series of June 2005	125,000	6/15/2030	5.0% to 5.25%	95,920	--	14,080
Series of March 2006	65,000	6/15/2026	4.0% to 5.0%	32,400	3,600	16,200
Series of June 2006	150,000	6/15/2031	4.0% to 5.0%	96,600	--	41,400
Series of July 2007	50,000	6/15/2027	4.5% to 5.0%	28,025	--	9,975
<b>Total</b>	<b>\$ 3,532,823</b>			<b>\$ 973,271</b>	<b>\$ 112,933</b>	<b>\$ 335,002</b>
<b>Authorized but Unissued</b>				<b>\$ 115,329</b>	<b>\$ 2,699</b>	<b>\$ 293,670</b>

\* Accreted bonds are shown at their accreted values as of 6/30/08. Inputted interest rates on these capital appreciation bonds range from 6.95% to 7.4%.

Table 10-2 (amounts expressed in thousands)  
(continued)

Environment	Refunding	Civic Centers			Principal Outstanding June 30, 2008	Amount Related to Capital Assets
		Civic Centers	Libraries	Refunding		
\$ --	\$ --	\$ --	\$ --	\$ 5,355	\$ 5,355	\$ --
--	--	17,245	--	--	17,245	--
366	--	--	--	--	67,650	11,405
--	--	42,995	6,625	--	49,620	--
--	59,018	--	--	--	59,018	6,296
1,247	--	--	--	--	68,270	22,069
--	78,980	--	--	--	78,980	29,225
--	16,165	--	--	--	16,165	4,928
148	--	--	--	--	14,980	263
118	--	--	--	--	44,000	642
123	--	--	--	--	42,610	1,325
773	--	--	--	--	34,480	994
--	99,515	--	--	--	99,515	34,517
--	--	--	--	13,955	13,955	--
9,093	--	--	--	--	39,480	1,305
--	--	--	--	34,580	34,580	--
2,860	--	--	--	--	71,500	1,509
--	80,210	--	--	--	80,210	20,590
7,600	--	--	--	--	95,000	7,492
--	85,540	--	--	--	85,540	2,326
3,000	--	--	--	--	90,000	5,394
--	50,310	--	--	--	50,310	18,616
--	94,815	--	--	--	94,815	35,084
4,506	--	--	--	--	164,225	10,661
--	48,125	--	--	--	48,125	7,157
--	75,775	--	--	--	75,775	19,833
14,700	--	--	--	--	147,000	9,226
9,660	--	--	--	--	193,200	13,389
820	--	--	--	--	65,625	11,064
--	--	--	--	--	110,000	64,024
6,300	--	--	--	--	58,500	21,181
--	--	--	--	--	138,000	55,609
9,500	--	--	--	--	47,500	1,910
<u>\$ 70,814</u>	<u>\$ 688,453</u>	<u>\$ 60,240</u>	<u>\$ 6,625</u>	<u>\$ 53,890</u>	\$ 2,301,228	\$ 418,034
<u>\$ 10,064</u>	<u>Unlimited</u>	<u>\$ 142,404</u>	<u>\$ 3,375</u>	<u>Unlimited</u>		
			Deferred amount on refundings		(850)	(23)
			Unamortized premiums		64,945	12,734
			<b>Total</b>		<u>\$ 2,365,323</u>	<u>\$ 430,745</u>

Changes in special obligation bonds during the year ended June 30, 2008, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2008, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 160,165	\$ 118,948	\$ 279,113
2010	165,775	111,247	277,022
2011	167,569	103,127	270,696
2012	168,065	94,874	262,939
2013	170,185	86,507	256,692
2014-2018	790,071	299,200	1,089,271
2019-2023	447,125	128,437	575,562
2024-2028	231,710	41,415	273,125
2029-2033	31,125	2,688	33,813
	<u>2,331,790</u>	<u>\$ 986,443</u>	<u>\$ 3,318,233</u>
Less: Unaccreted appreciation	(30,562)		
	2,301,228		
Deferred amount on refundings	(850)		
Unamortized premiums	64,945		
<b>Total</b>	<u>\$ 2,365,323</u>		

## 11 REVENUE BONDS

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. The bond indentures include a pledge from these agencies and authorities that income derived from acquired or constructed assets be used to retire the debt and service related interest. Bonds outstanding at June 30, 2008 (except for the Illinois State Toll Highway Authority which is as of December 31, 2007), net of unamortized discounts, unamortized deferred amount on bond refunding, and unamortized bond premiums are as follows:

Table 11-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Outstanding Interest Rates	Annual Maturity To
<b>Primary Government</b>			
<b>Business-type Activities</b>			
Major Funds:			
Designated Account Purchase Program	\$ 879,441	2.440% to 17.000%	2045
<b>Major Component Units</b>			
Illinois Housing Development Authority	1,640,407	2.100% to 15.000%	2048
Illinois State Toll Highway Authority	3,114,524	3.972% to 6.300%	2031
Illinois State University	111,689	2.700% to 7.350%	2033
Northern Illinois University	105,242	4.000% to 6.550%	2029
Southern Illinois University	260,615	3.000% to 6.200%	2036
University of Illinois	1,132,296	3.000% to 12.000%	2038

Changes in revenue bonds during the year ended June 30, 2008 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2008, are as follows:



Table 11-2 (amounts expressed in thousands)

**Primary Government**

Year Ending June 30	<b>Business-type Activities Designated Account</b>	
	<b>Purchase Program</b>	
	<b>Principal</b>	<b>Interest</b>
2009	\$ --	\$ 21,579
2010	--	21,579
2011	--	21,579
2012	--	21,579
2013	--	21,579
2014-2018	--	107,897
2019-2023	--	107,897
2024-2028	--	107,897
2029-2033	--	107,897
2034-2038	--	107,897
2039-2043	209,400	103,757
2044-2048	675,000	25,620
	<u>884,400</u>	<u>\$776,757</u>
Unamortized (discounts)	(4,959)	
<b>Total</b>	<u><u>\$879,441</u></u>	

Table 11-3 (amounts expressed in thousands)

**Major Component Units**

Year Ending June 30	<b>Illinois Housing Development Authority</b>		<b>Illinois Toll Highway Authority</b>		<b>Illinois State University</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2009	\$ 106,640	\$ 74,396	\$ 50,030	\$ 134,660	\$ 5,330	\$ 4,058
2010	47,635	71,477	52,750	141,136	5,380	3,894
2011	49,290	69,553	45,465	138,880	6,280	3,839
2012	53,045	67,552	49,910	136,191	6,190	3,758
2013	52,845	65,353	53,040	133,009	6,330	3,618
2014-2018	269,550	291,431	457,775	602,500	27,615	15,377
2019-2023	239,435	231,573	609,070	471,389	19,845	12,049
2024-2028	284,365	168,624	962,020	293,623	21,635	7,585
2029-2033	272,045	102,073	755,000	70,374	19,565	2,372
2034-2038	205,160	40,662	--	--	--	--
2039-2043	49,540	10,120	--	--	--	--
2044-2048	18,720	1,967	--	--	--	--
2049-2053	215	5	--	--	--	--
	<u>1,648,485</u>	<u>\$1,194,786</u>	<u>3,035,060</u>	<u>\$2,121,762</u>	<u>118,170</u>	<u>\$ 56,550</u>
Less: Unaccreted appreciation	(11)	--	--	--	(5,896)	--
	<u>1,648,474</u>		<u>3,035,060</u>		<u>112,274</u>	
Deferred amount on refundings	(9,661)		(17,955)		--	
Unamortized premiums	1,736		97,419		340	
Unamortized (discounts)	(142)		--		(925)	
<b>Total</b>	<u><u>\$1,640,407</u></u>		<u><u>\$3,114,524</u></u>		<u><u>\$ 111,689</u></u>	

Table 11-3 (continued)  
(amounts expressed in thousands)

**Major Component Units, continued**

Year Ending June 30	Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 6,060	\$ 4,090	\$ 12,815	\$ 8,437	\$ 127,140	\$ 40,915
2010	6,175	3,977	13,190	8,218	33,250	39,421
2011	6,300	3,857	14,100	7,842	34,850	38,540
2012	5,760	3,738	14,465	7,533	37,370	37,568
2013	5,859	3,638	15,015	7,196	38,155	36,455
2014-2018	31,249	16,244	77,080	30,552	204,400	166,264
2019-2023	31,800	9,010	70,290	20,450	231,660	134,793
2024-2028	10,345	3,725	59,900	11,704	210,440	90,059
2029-2033	8,495	425	24,940	5,498	205,040	42,078
2034-2038	--	--	10,830	1,003	95,125	6,927
2039-2043	--	--	--	--	--	--
2044-2048	--	--	--	--	--	--
2049-2053	--	--	--	--	--	--
	112,043	\$ 48,704	312,625	\$ 108,433	1,217,430	\$ 633,020
Less: Unaccreted appreciation	(6,801)		(56,273)		(99,369)	
	105,242		256,352		1,118,061	
Deferred amount on refundings	--		(2,033)		(19,153)	
Unamortized premiums	--		6,296		33,388	
Unamortized (discounts)	--		--		--	
<b>Total</b>	<b>\$ 105,242</b>		<b>\$ 260,615</b>		<b>\$ 1,132,296</b>	

Included within the \$1,640.4 million of outstanding Illinois Housing Development Authority ("IHDA") revenue bonds are \$1,640.1 million which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on IHDA bonds are debt of various entities and are guaranteed from pledged revenues of the properties and assets within its issuance resolutions. Furthermore, a portion of the IHDA bonds are additionally secured by a form of credit enhancement such as a municipal bond insurance policy or a direct pay letter of credit on its payment of principal and interest.

**A. Demand and Variable Rate Bonds**

**Primary Government**

**Designated Account Purchase Program ("IDAPP")**

The entire \$879.4 million of outstanding revenue bonds at June 30, 2008 are variable rate bonds that have their interest rates reset periodically. These bonds carry a maximum interest rate ranging from 12% to 17%. The interest rate in effect at June 30, 2008 was used in calculating future interest payments.

**Major Component Units**

**Illinois Housing Development Authority ("IHDA")**

Included within the IHDA's outstanding revenue bonds are \$46.7 million of Homeowner Mortgage Revenue Bonds Series 2004A3, 2004C3 and 2005A3 and \$65.3 million of Housing

Bonds Series 2004B, 2008A, 2008B and 2008C which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agent on each rate determination date. In addition, \$18.8 million of Homeowner Mortgage Revenue Bonds Series 2001D, 2001F and 2002B are also variable rate, but not demand bonds. Interest rates on these bonds are based on a floating rate determined on a monthly basis and paid either monthly or semi-annually. On the variable rate demand bonds, IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures. For additional security, IHDA has entered into risk management agreements to hedge against interest rate risks on 3 series of bonds and wrapped credit enhancements on 4 series of bonds (see Note 14—Derivatives). The IHDA has a commitment to reimburse the provider of the credit enhancer for any advancement of principal and interest payments made.

#### ***Illinois State Toll Highway Authority (“THA”)***

As of December 31, 2007, the THA had outstanding variable rate demand bonds in the amount of \$114.8 million for the Series 1993B bonds, \$123.1 million for the Series 1998B bonds and \$700.0 million for the 2007 A-1 and A-2 bonds. These bonds have final maturities in 2010, 2017 and 2030, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 22%, 10% and 15%, respectively. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The THA has obtained a financial guarantee insurance policy to guarantee the payment of principal and interest on the scheduled maturity dates. The THA has an obligation to reimburse the insurer for any such payments made.

#### ***University of Illinois (“U of I”)***

The U of I had outstanding variable rate demand bonds in the amount of \$20.1 million for the Series 1997B bonds, \$67.0 million for the Series 2005B bonds, \$53.7 million for the Series 2006A bonds, \$40.9 million for the Series 2007 bonds and \$62.0 million for the two Series 2008 bonds. These bonds have final maturities in 2026, 2035, 2008, 2008, 2038 and 2026, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 12% on all of the bond series' except the Series 2007 bonds, which the maximum rate is 9%. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The U of I has agreements with liquidity providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The U of I has obtained a letter of credit or bond insurance policy to guarantee the payment of principal and interest on the scheduled maturity dates. The U of I has an obligation to reimburse the letter of credit issuer or bond insurer for any such payments made.

#### ***Derivatives***

IHDA, THA and U of I all have entered into various interest rate swap agreements. Details of these agreements are discussed in Note 14—Derivatives.

**B. Conduit Debt (not included in financial statements)**

The State of Illinois, by action of the General Assembly, created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. Bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements.

At June 30, 2008, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Table 11-4 (amounts expressed in thousands)		
<b>Authority</b>	<b>Amount Outstanding</b>	<b>Annual Maturity To</b>
Illinois Finance Authority	\$ 22,511,347	2048
Illinois Housing Development Authority	320,542	2048
Southwestern Illinois Development Authority	497,919	2038
Upper Illinois River Valley Development Authority	128,798	2042
Will-Kankakee Regional Development Authority	45,710	2042
Illinois Medical District Commission	27,970	2032
Quad Cities Regional Economic Development Authority	48,040	2041
Western Illinois Development Authority	10,000	2023
<b>Total</b>	<b>\$ 23,590,326</b>	

**12 NOTES/GENERAL OBLIGATION CERTIFICATES PAYABLE****A. Notes Payable**

The State's major component units have obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2008 were as follows:

Table 12-1 (amounts expressed in thousands)			
<b>Fund Type/Agency</b>	<b>Amount Outstanding</b>	<b>Interest Rates</b>	<b>Annual Maturity To</b>
<b>Major Component Units</b>			
Illinois Housing Development Authority	\$ 4,566	5.03% to 5.45%	2012
Northern Illinois University	626	4.25%	2012
Southern Illinois University	88	3.00%	2009

Changes in notes payable during the year ended June 30, 2008 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2008, are as follows:

Table 12-2 (amounts expressed in thousands)

**Major Component Units**

Year Ending June 30	Illinois Housing Development Authority		Northern Illinois University		Southern Illinois University	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ --	\$ 224	\$ 396	\$ 16	\$ 88	\$ 1
2010	--	224	124	10	--	--
2011	--	224	72	5	--	--
2012	4,566	254	34	1	--	--
	<u>\$ 4,566</u>	<u>\$ 926</u>	<u>\$ 626</u>	<u>\$ 32</u>	<u>\$ 88</u>	<u>\$ 1</u>

**B. General Obligation Certificates Payable**

The State is authorized to borrow up to 5% of the State's appropriations in a fiscal year to meet deficits in anticipated revenues. All such debt shall be retired from the revenues received in that fiscal year.

On September 25, 2007, the State issued \$1,200 million of general obligation certificates, which matured on November 9, 2007, with an interest rate of 4.25%. The certificates were issued to provide liquidity to the Hospital Provider Program (accounted for in the General Revenue Account) to make supplemental payments to certain public and non-public hospitals within the State of Illinois pursuant to the Medicaid State Plan. Proceeds from the certificates were deposited as follows: \$1,200 million into the General Revenue Account (a sub-account of the General Fund) and \$552 thousand of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a nonmajor governmental fund).

On April 24, 2008, the State issued \$1,200 million of general obligation certificates, which matured on various dates through June 17, 2008, with an interest rate of 3.0%. The certificates were issued to provide mid-fiscal year liquidity to the General Revenue Account (a sub-account of the General Fund) and the Hospital Provider Program (accounted for in the General Revenue Account) to make supplemental inpatient and outpatient payments to certain public and non-public hospitals within the State of Illinois and other medical claims. Proceeds from the certificates were deposited as follows: \$1,200 million into the General Revenue Account (a sub-account of the General Fund) and \$843 thousand of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a nonmajor governmental fund).

Changes in general obligation certificates payable during the year ended June 30, 2008 are as follows:

Table 12-3 (amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General obligation certificates payable	\$ --	\$ 2,400,000	\$ (2,400,000)	\$ --
Unamortized premiums	--	1,409	(1,409)	--
<b>Total Governmental Activities</b>	<u>\$ --</u>	<u>\$ 2,401,409</u>	<u>\$ (2,401,409)</u>	<u>\$ --</u>

### C. Short-Term Borrowings

#### Primary Government – Business-type Activities

The Designated Account Purchase Program (“IDAPP”) has a \$500 million short-term revolving credit line agreement. The revolving credit line was used to purchase eligible student loans (guaranteed or insured or an eligible loan under the Higher Education Act). The credit line was due to expire on July 25, 2008.

The terms of the credit line are as follows: loans on the line of credit are drawn at the applicable rate per annum which approximates LIBOR. IDAPP borrowing is supported by a liquidity line of credit provided by the financing institution. The financing institution receives 43 basis points on the outstanding debt for providing the bank credit facility and for serving as the administrative agent. As of June 30, 2008, \$390.8 million outstanding under this line is shown as current for fiscal year 2008.

#### Major Component Units

##### *Southern Illinois University (“SIU”)*

On March 1, 2008, the SIU at Edwardsville Foundation entered into a note payable due July 2, 2008. The purpose of the note was for refinancing the construction of an office building. The original debt issued in October 1999 was recorded as a revenue bond. At June 30, 2008, the \$1.1 million outstanding under this note is shown as current for fiscal year 2008.

##### *University of Illinois (“U of I”)*

The U of I has a \$28.0 million line of credit to a bank, due on January 31, 2009, with a negotiated interest rate in irregular intervals (2.98% at June 30, 2008). The line of credit is unsecured. The line of credit is to be used to purchase property that is to be held by the U of I. As of June 30, 2008, \$7.2 million outstanding under this line is shown as current for fiscal year 2008.

Changes in short-term borrowing during the year ended June 30, 2008 are as follows:

Table 12-4 (amounts expressed in thousands)				
	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>Primary Government</b>				
<b>Business-type Activities</b>				
Major Funds:				
Designated Account Purchase Program	\$ 195,170	\$ 688,998	\$ (493,398)	\$ 390,770
<b>Major Component Units</b>				
Southern Illinois University	\$ --	\$ 1,650	\$ (550)	\$ 1,100
University of Illinois	\$ 6,402	\$ 1,283	\$ (471)	\$ 7,214

## 13 OTHER LONG-TERM OBLIGATIONS

Other long-term obligations reported in the government-wide statements and disclosed below are as follows:

Table 13-1 (amounts expressed in millions)

Primary Government			Business-type Activities		
Description	Reference	Governmental Activities	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds
Capital lease obligations	(A)	\$ 9.7	\$ --	\$ --	\$ --
Certificates of participation	(B)	90.3	--	--	--
Illinois Emergency Management Agency	(C)	30.0	--	--	--
Installment purchase obligations	(D)	12.3	--	--	--
Cape Girardeau Bridge - State of Illinois/ State of Missouri Joint Agreement	(E)	1.9	--	--	--
Obligations to Lottery Prize Winners	(F)	--	--	--	1.0
Prepaid Tuition Fund obligations	(G)	--	--	1,102.4	--
Other obligations	(H)	7.9	--	--	10.2
<b>Total Other Long-Term Obligations</b>		<b>\$ 152.1</b>	<b>\$ -</b>	<b>\$ 1,102.4</b>	<b>\$ 11.2</b>

Table 13-2 (amounts expressed in millions)

Major Component Units		Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Description	Reference				
Capital lease obligations	(A)	\$ 0.1	\$ 20.6	\$ 1.4	\$ 22.6
Certificates of participation	(B)	22.1	4.9	28.3	590.0
Other obligations	(I)	0.3	20.5	5.0	65.8
<b>Total Other Long-Term Obligations</b>		<b>\$ 22.5</b>	<b>\$ 46.0</b>	<b>\$ 34.7</b>	<b>\$ 678.4</b>

### A. Lease Commitments

The State has entered into various capital leases for land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. Information regarding operating leases is included in Note 20.

At June 30, 2008, assets capitalized under capitalized leases are as follows:

Table 13-3 (amounts expressed in thousands)

**Primary Government**

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Fiduciary Funds</b>
Buildings and building improvements	\$ 14,386	\$ --	\$ --
Equipment	1,894	6	38
	<u>16,280</u>	<u>6</u>	<u>38</u>
Less: Accumulated depreciation	7,109	--	5
	<u>\$ 9,171</u>	<u>\$ 6</u>	<u>\$ 33</u>

Table 13-4 (amounts expressed in thousands)

**Major Component Units**

	<b>Illinois State University</b>	<b>Northern Illinois University</b>	<b>Southern Illinois University</b>	<b>University of Illinois</b>
Buildings and building improvements	\$ --	\$ 20,367	\$ 3,240	\$ --
Equipment	672	816	1,666	29,733
	<u>672</u>	<u>21,183</u>	<u>4,906</u>	<u>29,733</u>
Less: Accumulated depreciation	278	698	1,839	11,710
	<u>\$ 394</u>	<u>\$ 20,485</u>	<u>\$ 3,067</u>	<u>\$ 18,023</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2008 are as follows:

Table 13-5 (amounts expressed in thousands)

**Primary Government**

<b>Year Ending June 30</b>	<b>Capitalized Leases</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Fiduciary Funds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2009	\$ 1,037	\$ 870	\$ 3	\$ --	\$ 12	\$ 2	\$ 1,924
2010	894	764	2	--	14	1	1,675
2011	837	686	--	--	2	--	1,525
2012	891	605	--	--	--	--	1,496
2013	989	524	--	--	--	--	1,513
2014-2018	5,079	1,160	--	--	--	--	6,239
Total minimum lease payments	<u>\$ 9,727</u>	<u>\$ 4,609</u>	<u>\$ 5</u>	<u>\$ --</u>	<u>\$ 28</u>	<u>\$ 3</u>	<u>\$14,372</u>



Table 13-6 (amounts expressed in thousands)

**Major Component Units**

Year Ending June 30	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 128	\$ 4	\$ 368	\$ 1,163	\$ 1,097	\$ 48	\$ 6,628	\$ 768
2010	--	--	388	1,142	192	11	5,191	649
2011	--	--	409	1,122	118	5	4,842	398
2012	--	--	432	1,100	4	--	2,110	224
2013	--	--	455	1,077	--	--	1,752	148
2014-2018	--	--	2,298	5,004	--	--	2,116	95
2019-2023	--	--	2,752	4,314	--	--	--	--
2024-2028	--	--	3,338	3,440	--	--	--	--
2029-2033	--	--	4,367	2,348	--	--	--	--
2034-2038	--	--	5,822	893	--	--	--	--
Total minimum lease payments	\$ 128	\$ 4	\$ 20,629	\$ 21,603	\$ 1,411	\$ 64	\$ 22,639	\$ 2,282

**B. Certificates of Participation**

**State-issued Certificates of Participation** - The State is authorized to issue certificates of participation ("Certificates") representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property or payment of expenses related to the issuance. The outstanding balance of the State-issued Certificates included in the governmental activities financial statements as of June 30, 2008 was \$24.2 million.

Certain major component units have also issued Certificates representing the right to receive a proportionate share of lease-purchase or installment payments. All of these Certificates issued by major component units are considered State-issued. The outstanding balance of these Certificates as of June 30, 2008 was \$645.3 million, which includes unamortized premiums of \$16.1 million, unamortized discounts of \$.2 million and deferred amounts on refunding of \$14.8 million and is included in the component unit financial statements.

**Non-State-issued Certificates of Participation** - The State also finances the purchase of certain State-owned real and personal property through third party (non-State-issued) Certificates. These non-State-issued Certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State-issued Certificates included in the governmental activities financial statements as of June 30, 2008 was \$66.1 million.

Future commitments by the State to make installment payments to pay for the assets acquired and related financing costs for State-issued and non-State-issued Certificates at June 30, 2008 are as follows:

Table 13-7 (amounts expressed in thousands)

**Primary Government  
Governmental Activities**

Year Ending June 30	Certificates of Participation					
	State-Issued		Non-State-Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,850	\$ 1,387	\$ 4,045	\$ 3,440	\$ 5,895	\$ 4,827
2010	1,945	1,278	5,780	3,390	7,725	4,668
2011	2,055	1,162	6,085	3,069	8,140	4,231
2012	2,170	1,038	6,425	2,724	8,595	3,762
2013	2,305	906	6,775	2,357	9,080	3,263
2014-2018	13,835	2,202	31,695	6,233	45,530	8,435
2019-2023	--	--	5,335	317	5,335	317
	<u>\$24,160</u>	<u>\$ 7,973</u>	<u>\$66,140</u>	<u>\$21,530</u>	<u>\$90,300</u>	<u>\$29,503</u>

Table 13-8 (amounts expressed in thousands)

**Major Component Units**

Year Ending June 30	Certificates of Participation							
	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ --	\$ 735	\$ 365	\$ 256	\$ 2,670	\$ 1,217	\$ 18,560	\$ 24,066
2010	825	892	390	235	2,770	1,121	19,470	23,155
2011	855	867	410	214	2,875	1,015	16,900	22,322
2012	875	839	435	191	2,105	899	20,640	21,516
2013	910	811	465	167	2,190	813	27,060	20,515
2014-2018	5,055	3,531	2,855	376	6,320	3,082	176,525	80,067
2019-2023	6,155	2,442	--	--	6,710	1,697	178,705	41,585
2024-2028	7,555	1,032	--	--	2,720	136	130,830	11,590
	<u>22,230</u>	<u>\$11,149</u>	<u>4,920</u>	<u>\$ 1,439</u>	<u>28,360</u>	<u>\$ 9,980</u>	<u>588,690</u>	<u>\$ 244,816</u>
Deferred amount on refundings	--	--	--	--	--	--	(14,805)	--
Unamortized premiums	--	--	--	--	--	--	16,072	--
Unamortized (discounts)	(93)	--	--	--	(69)	--	--	--
	<u>\$22,137</u>		<u>\$ 4,920</u>		<u>\$28,291</u>		<u>\$589,957</u>	

**C. Illinois Emergency Management Agency**

Tracts of land near Ottawa, Illinois were donated to the State more than 50 years ago for public purposes. Several years later, the State discovered that other parties had dumped radioactive waste on the land, before it was donated to the State. The State advised the United States Environmental Protection Agency ("USEPA") of the situation and the land was transferred to the Illinois Emergency Management Agency, formerly the Department of Nuclear Safety, for clean-up.

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along with the corporations that did the dumping. These corporations are defunct and in recognition of the State's lack of culpability, the USEPA has currently estimated the clean-up to the site and adjacent property to cost \$60 million. The State has estimated its portion of the liability for the clean-up to be \$30 million which is recorded in the governmental activities statement of net assets at June 30, 2008.

**D. Installment Purchase Obligations**

The State has acquired certain land, office facilities, office and computer equipment and other assets through installment purchase arrangements. Future commitments under installment purchase contracts as of June 30, 2008 are as follows:

Table 13-9 (amounts expressed in thousands)			
<b>Primary Government</b>			
<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 5,604	\$ 433	\$ 6,037
2010	4,336	224	4,560
2011	1,967	97	2,064
2012	332	12	344
2013	63	1	64
	<u>\$12,302</u>	<u>\$ 767</u>	<u>\$ 13,069</u>

**E. Cape Girardeau Bridge - State of Illinois/State of Missouri Joint Agreement**

The State of Illinois entered into an agreement with the State of Missouri for the construction of the Cape Girardeau Bridge. The agreement required that the State of Illinois reimburse the State of Missouri for 40% of the costs incurred for bridge construction. In accordance with a pre-established payment plan, the State of Illinois repays one-quarter of its annual obligation each year for four years following the year costs were incurred. Each year, the State of Missouri incurs costs and each year, the State of Illinois makes payments on costs incurred in prior years (unless such costs have been totally reimbursed) subject to the same one-quarter reimbursement arrangement. The State of Missouri assesses 5.3% interest on the unpaid balance.

As of June 30, 2008, the balance of the Illinois/Missouri Joint Agreement was \$1.9 million and is included in the governmental activities financial statements. In subsequent years, this liability will be liquidated from future resources of the State Construction Account, a major governmental fund. Future Illinois/Missouri Joint Agreement debt service requirements at June 30, 2008, are as follows:

Table 13-10 (amounts expressed in thousands)			
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$1,872	\$ 103	\$1,975
2010	76	4	80
	<u>\$1,948</u>	<u>\$ 107</u>	<u>\$2,055</u>

**F. Obligations to Lottery Prize Winners**

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment.

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Revenue, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$1 million, have been reported in the financial statements of the State Lottery Fund, a nonmajor enterprise fund.

In addition to the prize obligations discussed above, the State has provided for other payments corresponding to its obligation to prize winners through the purchase of direct obligations of the federal government, primarily in the form of United States Treasury zero coupon bonds. As established by State law, such securities shall be maintained in the Deferred Lottery Prize Winners Trust Fund, a special trust fund separate and apart from all public money or funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. Since these monies are invested by the State on behalf of external legally separate entities (the prize winners), with specific investments being acquired for these individual entities for which the income from and changes in the value of the investments affect only the prize winners for whom they were acquired, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Deferred Lottery Prize Winners Trust Fund is reported as an investment trust fund. The investments of the fund are reported at fair value, which approximated \$569.5 million at year-end, and the net assets are reported as reserved for external investment pool participants.

#### ***G. Prepaid Tuition Fund Obligations***

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2008, represents net principal payments received for contracts held by the fund in the amount of \$828.1 million, of which \$45.6 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of \$274.3 million of which \$4.4 million is considered current, is the present value of payments to be made in excess of the principal payments received from investments of the tuition contracts. The accretion expense is estimated as a percentage of net tuition costs paid to date.

The rate for fiscal year 2008 is 8.75% based on the actuarial reporting. The accretion expense is calculated on a monthly basis on the balance in the tuition payable account.

#### ***H. Other Obligations***

##### **Primary Government - Governmental Activities**

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with that, it was determined that there was an arbitrage rebate liability of \$247 thousand as of June 30, 2008. The Build Illinois Bond Retirement and Interest Fund, a nonmajor governmental fund, is expected to be used to repay the liability of \$247 thousand from future resources of this fund.

A lawsuit against the City of Chicago and the Illinois State Board of Education ("ISBE") has resulted in a settlement requiring the ISBE to pay \$19.25 million over seven years to Chicago Public School District #299 ("District") to assist the District in providing special education

services to identified eligible children within the least restrictive environment. The settlement, reached in July 1999, required the ISBE to pay \$2.75 million per year through January 2006. Due to the District's failure to disburse an adequate amount of ISBE's portion of the settlement for the intended purpose, ISBE has only paid \$11.57 million of the settlement amount through June 30, 2008. In fiscal year 2005, a federal judge extended the ruling through the end of the 2009-2010 school year. This ruling allowed ISBE to restructure the remaining payments due the District through fiscal year 2010. The ISBE Federal Department of Education Fund, a nonmajor governmental fund, is expected to be used to repay the liability of \$7.68 million from future resources of this fund.

#### **Primary Government - Business-type Activities**

Other nonmajor enterprise funds presented other miscellaneous obligations in the amount of \$10.1 million. These obligations, consisting mostly of future workers' compensation benefit payments for self insured companies, are expected to be paid with current resources of the reporting fund.

#### **Major Component Units**

Major component units presented other miscellaneous obligations in the amount of \$91.6 million. These obligations will be liquidated by the reporting major component unit.

### **14 DERIVATIVES**

The State and its component units have entered into various debt-related derivatives as of June 30, 2008. The objectives of the derivatives are as follows:

#### **Primary Government - Governmental Activities**

On October 30, 2003, the State of Illinois issued a total of \$963 million of tax exempt general obligation new and refunding bonds in two series: \$363 million fixed rate bonds maturing through 2020 (2003A bonds) and \$600 million variable rate demand bonds maturing in years 2020 through 2033 (2003B bonds). To assure the continuing ability to place the variable rate demand bonds with investors, the State secured a liquidity facility from Depfa Bank, PLC for the principal amount and 35 days interest on the 2003B bonds.

Pursuant to Public Act 93-9, the State simultaneously entered into Interest Rate Exchange Agreements ("Agreements") with five counterparties under substantially identical terms, to create a net fixed rate debt service obligation on the 2003B bonds. The Agreements together with the issuance of the 2003B bonds as variable rate debt were entered into to produce a lower total cost of debt service than if the financing plan had been sold as all fixed rate debt.

The Agreements were entered into pursuant to the Interest Rate Risk Management Policy ("Policy"), as required by the General Obligation Bond Act, 30 ILCS 330/9, *et seq.* Pursuant to the Policy, the Agreements and the 2003B bonds in combination are not counted against the variable rate debt limit of the State, since amounts paid on the 2003B bonds and receipts under the Agreements are substantially similar and canceling, resulting in a net synthetic fixed rate obligation.

Subject to continuing basis performance monitoring between the Agreements and the 2003B bonds (certain basis risks described herein), the savings to the State afforded by the net synthetic

fixed rate bond structure versus a traditional fixed rate bond structure was approximately 0.71% per year, or a net present value of approximately \$50 million as of June 30, 2008.

The Agreements provide for the State to pay a monthly fixed rate of interest (3.890%) and receive a monthly floating rate of interest based on 67% of the one month London Interbank Offered Rate (“LIBOR”) or the Securities Industry and Financial Market Association (“SIFMA”) index, depending on whether one month LIBOR is above or below 2.5%. The payments are computed on a combined Agreement amount which is equal to the 2003B bonds’ principal outstanding and reduces as the 2003B bonds’ principal is repaid.

### **Major Component Units**

#### ***Illinois Housing Development Authority (“IHDA”)***

To protect against the potential of rising interest rates, IHDA has entered into three pay-fixed, receive variable, interest rate swap agreements, the objectives of which are to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had IHDA issued fixed-rate debt. In addition, IHDA has entered into four interest rate cap agreements, the objectives of which are to establish a maximum debt service which may be paid over the life of the underlying bonds.

Since interest rates have declined since the implementation of the swap and cap agreements, most currently active swaps and cap agreements, except for Housing Bonds Series 2004B, 2008A and 2008B had a negative fair value as of June 30, 2008. The negative fair values may be countered by reductions in total interest payments required under the variable rate bonds, creating lower synthetic interest rates. Since the coupons on IHDA’s variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

#### ***Illinois State Toll Highway Authority (“THA”)***

To achieve lower fixed rate borrowing costs, the THA issued variable rate debt and entered into variable-to-fixed rate swap agreements. The objective was to obtain a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the THA issued fixed rate debt.

The THA has entered into variable-to-fixed rate swap agreements (“Agreements”) on the entire amount of the Series 1993B (\$178 million), Series 1998B (\$123 million), Series 2007 A-1 (\$350 million) and Series 2007 A-2 (\$350 million) bond issues. Under the terms of Series 1993B Agreement, the THA each June 30 and December 31, beginning June 1993 and ending with maturity in December 2009 pays a fixed synthetic rate of 4.920% and receives a floating rate equal to the variable interest rate on the outstanding bonds. Under the terms of the two Series 1998B Agreements, the THA each January 1 and July 1, beginning July 1998 and ending with maturity in January 2017 pays a fixed synthetic rate of 4.325% and receives a floating rate equal to the variable interest rate on the outstanding bonds. Under the terms of the two Series 2007 A-1 Agreements, the THA each January 1 and July 1, beginning January 2008 and ending with maturity of the Agreement in July 2030, pays a fixed rate of 3.972% and on the first business day of each month receives a floating rate equal to the SIFMA 7-day Municipal Swap Index. Under the terms of the two Series 2007 A-2 Agreements, the THA each January 1 and July 1, beginning January 2008 and ending with maturity of the Agreement in July 2030, pays a fixed rate of 3.9925% and on the first business day of each month receives a floating rate equal to the SIFMA 7-day Municipal Swap Index.

***University of Illinois (“U of I”)***

To facilitate the advance refunding of the UIC South Campus Development Project Series 1999 Bonds and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in February 2006, the U of I entered into two interest rate swap agreements in connection with its \$54 million Series 2006A variable rate bonds for the UIC South Campus Development Project. The intention of the swaps was to effectively change the U of I's variable interest rate on the Bonds to a synthetic fixed rate of 1.03% through August 2007 and 4.292% thereafter, which includes the Bonds' current liquidity facility fee of 0.2%. In addition, there is a 0.08% current remarketing fee. In the third and fourth quarter of fiscal year 2008, there was an unfavorable increase in the basis between the interest paid on the Series 2006A bonds and the variable payment received from the swap counterparties. This was primarily due to reduced demand for the bonds due to the financial troubles encountered by the bond insurer, Financial Guaranty Insurance Company (“FGIC”).

The Bonds and related swap agreements mature in January 2022, and the swaps' initial notional amount matches the variable rate Bonds (\$54 million). The swaps were entered into at the same time as the Bonds were issued in February 2006. Starting in fiscal year 2011, the notional value of the swaps and the principal amount of the associated Bonds begin to mature. Under the swaps, the U of I pays counterparties a fixed payment of 0.83% through August 2007 and 4.092% thereafter, and receives a variable payment equal to its cost-of-funds through February 2010 and thereafter receives a variable payment equal to 68% of one-month LIBOR. In February 2008, the variable payment that the U of I received changed from its cost-of-funds to the SIFMA Index plus 0.05% through February 2010. At June 30, 2008, the SIFMA Index plus 0.05% equaled 1.60%. This change occurred because the monoline bond insurance company, FGIC, was downgraded below AA by Standard & Poor's Corporation.

In April 2007, the U of I entered into a variable-to-fixed interest rate swap agreement. The purpose of this interest rate swap was to hedge Series 2007 variable rate demand revenue refunding bonds for the Health Services Facility System issued in July 2007. The notional amount of the interest rate swap was \$41 million and equal to the par amount of the bonds issued. The U of I pays monthly payments to the counterparty equal to 3.534% times the notional amount and receives monthly payments from the counterparty equal to 68% of one-month LIBOR, commencing in October 2007. In the third and fourth quarters of fiscal year 2008, there was an unfavorable increase in the basis between the interest paid on the Series 2007 bonds and the variable payment received from the swap counterparty. This was primarily due to reduced demand for the bonds resulting from the financial troubles encountered by the insurer, Ambac. In June 2008, the U of I issued variable rate demand Health Services Facilities System Revenue Bonds, Series 2008. The proceeds from these bonds were invested in U.S. Treasury, State and Local Government Securities until July 2008. In July 2008, the Series 2007 bonds were redeemed. The interest rate swap agreement with Lehman Brothers Commercial Bank transferred to the Series 2008 bonds in July 2008.

Additionally, to facilitate the advance refunding of the Series 2001 A and B Certificates of Participation for Utility Infrastructure Projects and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2004, the U of I entered into an interest rate swap in connection with its \$144 million variable rate Series 2004 Certificates of Participation for Utility Infrastructure Projects (“Certificates”). The intention of the swap was to effectively change the U of I's variable interest rate on the Certificates to a synthetic fixed rate of 3.855%, which includes the Certificates' current liquidity facility fee of 0.09%. In addition, there is a 0.05% current remarketing fee.

The Certificates and related swap agreement mature in August 2021 and the swap's initial notional amount matches the variable rate Certificates (\$144 million). The swap was entered into at the same time as the Certificates were issued (March 2004). During fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates began to mature. Under the swap, the U of I pays the counterparty a fixed payment of 3.765% and receives a variable payment computed as 100% of the SIFMA Index. Conversely, the Certificates' variable interest rates are expected to approximate the SIFMA Index. For fiscal year 2008, the Certificates' average variable interest rate was approximately .06% below the SIFMA Index.

## **Risks**

### ***Credit risk***

The State is subject to credit risk should the credit ratings of either the State or the Liquidity Provider deteriorate. The amount of the floating rate of interest on the 2003B general obligation bonds may increase relative to the amount of the floating index received under the Agreements, thus requiring the State to pay any difference or shortfall. Conversely, if ratings of the State and Liquidity Provider improve relative to the market, the amount of the floating index received under the Agreements may exceed the amount of interest required for the 2003B bonds, resulting in additional receipts to the State.

As of June 30, 2008, IHDA was not exposed to credit risk because of the negative fair values of the swaps. Should interest rates change and the fair values become positive, IHDA would be exposed to credit risk in the amount of the swaps' fair value. Fair value is a factor only upon termination.

The THA has required counterparty ratings of at least 'A-1' from Moody's Investors Service and 'A+' from Standard & Poor's Corporation to enter into a swap agreement. Additionally, the THA has the right to terminate its swap agreements at any time. As of December 31, 2007 (the THA's fiscal year-end), the seven counterparties have credit ratings that exceed the minimum credit rating requirement. If the counterparties, for the Series 1993B, Series 1998B, Series 2007 A-1 and Series 2007 A-2 Agreements, are downgraded below acceptable levels, the agreements require that the counterparties post suitable and adequate collateral. The notional amount of the agreements equals the principal amount of the bonds of the Series 1993B, Series 1998B, Series 2007 A-1 and Series 2007 A-2 bond obligations.

For the U of I Series 2006A bonds, the credit ratings for the first counterparty by Standard & Poor's Corporation and Moody's Investors Service were AA and Aa2, respectively. The credit ratings for the second counterparty by Standard & Poor's Corporation and Moody's Investors Service were A+ and Aa3, respectively. For the U of I Series 2007 bonds, the counterparty credit ratings by Standard & Poor's Corporation and Moody's Investors Service were A and A2, respectively. For the U of I Series 2004 Certificates of Participation, the counterparty credit ratings by Standard & Poor's Corporation and Moody's Investors Service were A+ and Aa3, respectively. To mitigate the potential for credit risk, if both credit ratings of the counterparties fall below BBB+ and Baal (Standard & Poor's Corporation and Moody's Investors Service, respectively), the fair value of the swap will be collateralized by the counterparty with U.S. Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian.



***Basis risk***

Since the floating index under the Agreement is based on LIBOR, the State bears exposure to changing interest rate relationships between tax exempt and taxable debt markets. Should the value of tax exempt interest decrease in relation to taxable interest (as a result of a further lowering of income tax rates among other causes), tax exempt interest rates may rise (which the State pays on its 2003B general obligation bonds in the form of SIFMA) in relation to the floating interest rate index (which the State receives under the Agreements in the form of 67% of one month LIBOR when the Agreement is in LIBOR mode). If this were to occur, the State would pay any difference or shortfall. Conversely, if the value of tax exempt interest relative to taxable interest were to increase such that tax exempt interest rates decrease when compared to 67% of one month LIBOR (when the Agreements are in LIBOR mode), the floating index received under the Agreements could exceed the amount of interest required for the 2003B bonds, resulting in additional receipts for the State.

IHDA would be exposed to basis risk on its swap agreements should the variable payment received be based on an index other than the index on the underlying bonds. Should the relationship between the indexes converge, the expected cost savings may not be realized. IHDA believes its swap agreements have been structured to minimize or eliminate this risk.

The THA has implemented a strategy on the agreements associated with the Series 1993B, Series 1998B, Series 2007 A-1 and Series 2007 A-2 bonds which was designed to provide a synthetic fixed rate below the traditional fixed interest rate available at the time of the financings, producing interest rate savings to the THA. The agreements expose the THA to basis risk should the variable interest rate on the bonds and the SIFMA Index diverge. If an unfavorable divergence occurs, the expected cost savings may not be realized. As of December 31, 2007 (THA's fiscal year-end), the SIFMA rate was 3.38%.

To minimize the potential for basis risk for the 2006A and 2007 bonds and 2004 Certificates of Participation, the U of I engaged a third party consultant to calculate the "mark-to-market" or "market value" of the swap transactions. As of June 30, 2008, the combined mark-to-market value of the two swaps associated with the 2006A bonds were (\$4.1) million, the mark-to-market value of the 2007 bond was (\$1.5) million and the mark-to-market value of the swap associated with the 2004 Certificates of Participation was (\$4.1) million. The negative amounts represent an approximation of the amount of money the U of I may have to pay a swap provider to terminate the swap. In accordance with governmental accounting standards, these amounts are not required to be included in the accompanying financial statements.

***Termination risk***

Should the State or a counterparty fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the contract is against the State. Posting collateral by the counterparty (in the form of cash, unconditional Treasury obligations or Treasury guaranteed agency securities), if required by the credit rating of the counterparty, protects the State's interest against the counterparty's failure when the market value is in favor of the State. The State is never required to post collateral when the value is in favor of the counterparty (as is the case as of June 30, 2008).

IHDA or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. If a swap is insured, a termination event occurs if the insurer fails to meet its obligations under the agreement.

The THA may terminate any of the swap agreements at any time, and the counterparty may terminate if the THA fails to perform under the terms of the swap agreements. On a current mark-to-market basis, using December 31, 2007 (THA's fiscal year-end) as a termination date, the net present value of each of the swaps would require the THA to make an estimated combined termination payment, in the event that the outstanding swaps were terminated, of approximately \$3.4 million, \$9.6 million, \$9.4 million and \$10.4 million for Series 1993B, Series 1998B, Series 2007 A-1 and Series 2007 A-2 bonds, respectively.

The U of I has the option to terminate all of their swaps early. The U of I or the counterparties may terminate the swaps if the other party fails to perform under the terms of the agreement. The U of I may also terminate the individual swaps if both credit ratings of the counterparties fall below BBB+ as issued by Standard and Poor's Corporation and Baa1 as issued by Moody's Investors Service. If the swaps are terminated, the variable rate Bonds or Certificates, would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the swaps have a negative fair value, the U of I would be liable to the counterparties for a payment equal to the swaps' fair value.

***Rollover risk***

All of the swap agreements discussed above have been structured to protect the issuing agency from exposure to rollover risk.

Details of the various debt related derivative agreements in effect as of June 30, 2008 (except for the THA which is as of December 31, 2007) are as follows:

Table 14-1 (amounts expressed in thousands)

Table 14-1 (amounts expressed in thousands)								
Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Rate in Effect at 6/30/08	Fair Values (2)	Swap Termination Date	Counterparty Credit Rating (3)
Primary Government								
Governmental Activities								
Interest Rate Swap Contracts								
Series 2003B	\$384,000	10/03	3.890%	67% of 1 mo. LIBOR^^,	1.55%	\$ (30,091)	10/33	A/A1/A+
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR	1.55%	(4,101)	10/33	AA-/Aa3/AA-
	54,000	10/03	3.890%	is ≥ 2.5%, or	1.55%	(4,004)	10/33	AA/Aa2/AA
	54,000	10/03	3.890%	SIFMA^, when 1 mo.	1.55%	(4,651)	10/33	AA/Aaa/AA-
	54,000	10/03	3.890%	LIBOR is < 2.5%	1.55%	(4,372)	10/33	A/A1/A+
	<u>\$600,000</u>					<u>\$ (47,219)</u>		
Major Component Units								
IHDA								
Interest Rate Swap Contracts								
HMRB*								
Series 2001D	\$ 1,790	7/01	6.130%	1 mo. LIBOR^^+30bp^^^	2.76%	\$ (35)	2/10	AAA/Aa2/--
Series 2001F	10,000	1/02	6.615%	1 mo. LIBOR^^+40bp^^^	2.86%	(1,251)	8/20	A/A1/--
Series 2002B	3,520	5/02	6.145%	1 mo. LIBOR^^+41.5bp^^^	2.88%	(287)	2/23	A/A1/--
Interest Rate Cap								
HB**								
Series 2004B	7,710	3/04	5.000%	N/A	1.60%	12	4/12	AAA/Aa2/--
Series 2008A	14,170	1/08	5.750%	N/A	1.75%	24	12/12	AA/Aaa/--
Series 2008B	37,885	7/06	5.500%	N/A	1.55%	22	6/11	AA/Aaa/--
Series 2008C	5,570	6/06	4.750%	N/A	1.75%	(54)	6/21	AA/Aa2/--
	<u>\$ 80,645</u>					<u>\$ (1,569)</u>		
THA-								
Interest Rate Exchange Agreements								
Series 1993B	\$114,800	3/93	4.920%	Cost of Funds	3.46%	\$ (3,370)	12/09	AA/Aa1/--
Series 1998B	67,705	12/98	4.325%	Cost of Funds	3.40%	(5,284)	1/17	AAA/Aaa/--
Series 1998B	55,395	12/98	4.325%	Cost of Funds	3.40%	(4,323)	1/17	AAA/Aaa/--
Series 2007 A-1	175,000	11/07	3.972%	SIFMA^ 7 day Municipal Index	3.42%	(4,717)	7/30	AA+/Aa1/--
Series 2007 A-1	175,000	11/07	3.972%	SIFMA^ 7 day Municipal Index	3.42%	(4,717)	7/30	AA-/Aa3/--
Series 2007 A-2	262,500	11/07	3.9925%	SIFMA^ 7 day Municipal Index	3.42%	(7,771)	7/30	AA/Aa1/--
Series 2007 A-2	87,500	11/07	3.9925%	SIFMA^ 7 day Municipal Index	3.42%	(2,590)	7/30	AA-/Aa1/--
	<u>\$937,900</u>					<u>\$ (32,772)</u>		
U of I								
Interest Rate Swap Contracts								
Revenue Bonds								
Series 2006A	\$ 26,850	2/06	4.292%	SIFMA^ plus .05%	5.00%	\$ (2,082)	1/22	A+/Aa3/--
Series 2006A	26,850	2/06	4.292%	SIFMA^ plus .05%	5.00%	(2,082)	1/22	AA/Aa2/--
Series 2007	40,875	10/07	3.534%	68% of 1 mo. LIBOR^^	(4)	(1,527)	10/26	A/A2/--
Certificates of Participation								
Series 2004	140,800	3/04	3.855%	SIFMA^ Municipal Swap Index	1.45%	(4,954)	8/21	A+/Aa3/--
	<u>\$235,375</u>					<u>\$ (10,645)</u>		
~ As of 12/31/07 (THA's fiscal year-end)								
* Homeowner Mortgage Revenue Bonds				^ Securities Industry and Financial Market Association				
** Housing Bonds				^^ London Interbank Offered Rate				
				^^^ basis points				
(1) All bond issues are taxable debt instruments.								
(2) Includes accrued interest.								
(3) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services								
(4) Interest rate in effect was 5.00% on \$7.0 million of bank bonds and 7.00% on \$33.9 million of investor bonds, respectively, at June 30, 2008.								

As of June 30, 2008 (except for THA which is as of December 31, 2007), debt service requirements of outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 14-2 (amounts expressed in thousands)

**Swap Payments and Associated Debt****Variable Rate Debt****Primary Government**

Year Ending June 30	Governmental Activities			
	Principal	Interest	Interest Rate Swaps, Net	Total
2009	\$ --	\$ 9,600	\$ 14,040	\$ 23,640
2010	--	9,600	14,040	23,640
2011	--	9,600	14,040	23,640
2012	--	9,600	14,040	23,640
2013	--	9,600	14,040	23,640
2014-2018	--	48,000	70,200	118,200
2019-2023	178,300	44,473	65,041	287,814
2024-2028	183,600	26,162	38,261	248,023
2029-2033	190,200	8,110	11,861	210,171
2034-2038	47,900	383	560	48,843
<b>Total</b>	<b>\$ 600,000</b>	<b>\$ 175,128</b>	<b>\$ 256,123</b>	<b>\$ 1,031,251</b>

**Major Component Units**

Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2009	\$ 2,470	\$ 1,578	\$ 539	\$ 4,587	\$ 34,300	\$ 32,101	\$ 6,250	\$ 72,651
2010	2,640	1,529	495	4,664	36,100	30,852	5,723	72,675
2011	2,810	1,477	466	4,753	44,400	29,315	5,074	78,789
2012	2,985	1,422	454	4,861	--	29,315	5,074	34,389
2013	2,070	1,368	442	3,880	--	29,315	5,074	34,389
2014-2018	15,965	6,121	1,926	24,012	123,100	140,559	23,735	287,394
2019-2023	19,040	3,929	362	23,331	--	125,650	19,679	145,329
2024-2028	30,300	2,209	--	32,509	325,000	106,354	16,657	448,011
2029-2033	3,030	404	--	3,434	375,000	20,194	3,163	398,357
2034-2038	1,780	166	--	1,946	--	--	--	--
2039-2043	1,090	40	--	1,130	--	--	--	--
<b>Total</b>	<b>\$ 84,180</b>	<b>\$ 20,243</b>	<b>\$ 4,684</b>	<b>\$ 109,107</b>	<b>\$ 937,900</b>	<b>\$ 543,655</b>	<b>\$ 90,429</b>	<b>\$ 1,571,984</b>

Year Ending June 30	University of Illinois--Revenue Bonds				University of Illinois--Certificates of Participation			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2009	\$ 94,575	\$ 784	\$ --	\$ 95,359	\$ 1,035	\$ 2,040	\$ 3,242	\$ 6,317
2010	--	--	--	--	1,075	2,019	3,223	6,317
2011	--	--	--	--	6,570	1,964	3,134	11,668
2012	--	--	--	--	6,840	1,867	2,979	11,686
2013	--	--	--	--	7,120	1,770	2,813	11,703
2014-2018	--	--	--	--	47,470	7,110	11,335	65,915
2019-2023	--	--	--	--	70,690	2,106	3,349	76,145
<b>Total</b>	<b>\$ 94,575</b>	<b>\$ 784</b>	<b>\$ --</b>	<b>\$ 95,359</b>	<b>\$ 140,800</b>	<b>\$ 18,876</b>	<b>\$ 30,075</b>	<b>\$ 189,751</b>

As rates vary, variable rate bond interest payments and net swap payments will vary.

## 15 REFUNDINGS OF LONG-TERM OBLIGATIONS

### A. Advance Refundings

During the year ended June 30, 2008, the State issued advanced refunding debt to lower interest rates. This debt was issued to refund portions of earlier issues. The principal of the refunded debt will be redeemed on various dates through 2011 at a redemption price of 100%. Proceeds from the sales, together with other funds, were placed in irrevocable trusts that are used to service the future debt requirements of the old debt. As a result, the refunded debt is considered to be defeased and the liability for this debt has been removed from the financial statements of the State. At June 30, 2008, the outstanding balance of the defeased debt was \$56.3 million. Advance refunding debt issued during fiscal year 2008 was as follows:

Table 15-1 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service (Increased) by Refunding	Refunding Economic (Loss)	Accounting (Loss)
<b>Major Component Units</b>							
<b>Certificates of Participation:</b>							
University of Illinois							
Series 2007A and B	\$ 55.9	4.00% to 5.25%	\$ 56.3	4.25% to 5.75%	\$ (20.2)	\$ (1.2)	\$ (2.0)

### B. Current Refundings

During the year ended June 30, 2008, the State issued current refunding bonds to defease bonds which were currently outstanding. Proceeds from the sale of these revenue bonds, together with other funds, were used to currently refund earlier issues maturing on dates ranging from October 1, 2007 through July 1, 2041 at redemption prices ranging from 100% to 102%. Current refunding bonds issued during fiscal year 2008 were as follows:

Table 15-2 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service (Increased)/ Reduced by Refunding	Refunding Economic Gain	Accounting Gain/ (Loss)
<b>Major Component Units</b>							
<b>Revenue Bonds</b>							
Illinois Housing Development Authority							
Series 2007 D	\$ 50.1	3.50% to 5.05%	\$ 55.0	3.75% to 6.75%	\$ (4.1)	\$ 5.0	\$ 1.4
Series 2008 A, B and C	57.6	Variable	57.6	Variable	--	--	(0.8)
	<u>\$ 107.7</u>		<u>\$ 112.6</u>		<u>\$ (4.1)</u>	<u>\$ 5.0</u>	<u>\$ 0.6</u>
University of Illinois - Series 2007	\$ 40.9	Variable	\$ 40.7	5.35% to 5.90%	\$ 6.9	\$ 6.1	\$ (2.7)

### C. Prior Year Refundings

In prior years, the State defeased certain callable maturities of general obligation, special obligation and revenue bonds and certificates of participation by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the State's financial statements. At June 30, 2008, the outstanding balances of prior year defeased debt were as follows:

	Primary Government	Major Component Units				
	Governmental Activities	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
General obligation bonds	\$ 644,125	\$ --	\$ --	\$ --	\$ --	\$ --
Special obligation bonds	19,500	--	--	--	--	--
Revenue bonds	--	39,355	10,330	24,515	12,090	207,010
Certificates of participation	--	--	--	--	--	182,465
	<u>\$ 663,625</u>	<u>\$ 39,355</u>	<u>\$ 10,330</u>	<u>\$ 24,515</u>	<u>\$ 12,090</u>	<u>\$ 389,475</u>

## 16 RETIREMENT SYSTEMS

**Plan Descriptions.** The State of Illinois sponsors five public employee retirement systems that are included in the State's financial statements as pension trust funds.

The General Assembly Retirement System ("GARS"), Judges' Retirement System ("JRS") and State Employees' Retirement System ("SERS"), are the administrators of single-employer defined benefit pension plans. The GARS, JRS and SERS are governed by articles 2, 18 and 14, respectively, of the Illinois Pension Code (40 ILCS 5/1, et. al.).

The Teachers' Retirement System ("TRS") is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with a "special funding situation" as described below. It provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. There are 867 local school districts, 138 special districts, and 23 other State agencies that contribute to the TRS plan. At June 30, 2008, the TRS had outstanding receivables of \$48 million for payroll deduction agreements with members for optional services, refund repayments, and upgrade balances owed to the TRS.

The State Universities Retirement System ("SURS") is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan and a defined contribution plan with a "special funding situation" as described below. The SURS provides coverage to faculty and staff of State universities, community colleges and related agencies, of which, some covered employees are not State employees. There are 9 universities, 39 community college districts, and 15 other State agencies that contribute to the SURS plan.

The State of Illinois is legally mandated to make contributions to the TRS and SURS. Because the State contributes most of the TRS and SURS employer contributions, the single employer

provisions of GASB Statement No. 27 have been followed for reporting those systems in the statewide CAFR. The TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

Effective January 1, 1998, legislation established an alternative defined benefit program known as the Portable Benefit Option Plan within the SURS. This option is offered in addition to the existing traditional benefit option. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost-neutral in relation to the traditional option. Approximately 18.3 thousand of the approximately 83.1 thousand members have chosen this option.

Legislation, effective January 1, 1998, also required the SURS to offer a Self-Managed Plan. This is a defined contribution plan and is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The Self-Managed Plan is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 10.0 thousand of the approximately 83.1 thousand active members have chosen this option. \$616 million of the \$15.2 billion total net assets relate to the Self-Managed Plan. Plan member contributions were \$46.0 million and the State contributions, along with employer consisting of grant reimbursements, were \$39.0 million for the year ended June 30, 2008.

Each of the five State-sponsored retirement systems provide retirement, death and disability benefits to members and beneficiaries. Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan as follows:

- General Assembly Retirement System and Judges' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217) 782-8500.
- State Employees' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217) 785-2340.
- Teachers' Retirement System, 2815 West Washington Street, PO Box 19253, Springfield, Illinois, 62794-9253, (217) 753-0311.
- State Universities Retirement System, 1901 Fox Drive, Champaign, Illinois, 61820-7333, (217) 378-8800.

**Funding Policy and Annual Pension Cost.** Member contributions are based on fixed percentages set by statute ranging from 4.0% to 12.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provide for a systematic 50-year funding plan with an ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15-year phase-in period is complete, the State's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.4 million and \$1.375 billion, respectively, and requires equal annual increments from fiscal years 2008 to 2010 to ensure that the fiscal year 2006 and 2007 decreases have no long-term effect on contributions. In addition, pursuant to Public Act 93-0002, the State made a contribution from general obligation bond proceeds of \$7.3

billion to the retirement systems to fund a portion of the State's unfunded liability. The State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2008. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

The current statutory law includes a "continuing appropriation," which means that the State must automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process.

This statutory funding requirement differs significantly from the annual pension cost ("APC") because the statutory plan does not conform to the GASB Statement No. 27 accounting parameters. The State's APC for the current year and related information for each plan is included in Table 16-1.

	<b>GARS</b>	<b>JRS</b>	<b>SERS</b>	<b>TRS</b>	<b>SURS</b>
Actuarially required contribution ("ARC")	\$ 10,673	\$ 75,134	\$ 986,411	\$ 1,949,463	\$ 707,488
Plus: Interest on net pension obligation ("NPO")	3,997	27,973	96,521	847,541	474,679
Adjustment to the ARC	(2,372)	(16,538)	(76,117)	(522,602)	(300,654)
Annual pension cost ("APC")	12,298	86,569	1,006,815	2,274,402	881,513
Employer contributions	6,810	46,978	587,733	1,169,773	344,945
Increase in NPO	5,488	39,591	419,082	1,104,629	536,568
NPO at June 30, 2007	49,959	349,669	1,135,543	9,971,073	5,584,453
NPO at June 30, 2008	\$ 55,447	\$ 389,260	\$ 1,554,625	\$ 11,075,702	\$ 6,121,021

The annual pension cost, the percentage of annual pension cost contributed for the year, and the net pension obligation at the end of the year for the current fiscal year and the two preceding years are presented in the following Table 16-2:

	<b>GARS</b>	<b>JRS</b>	<b>SERS</b>	<b>TRS</b>	<b>SURS</b>
<b>Annual Pension Cost ("APC")</b>					
6/30/2006	\$ 9,905	\$ 71,845	\$ 678,476	\$ 1,926,143	\$ 802,404
6/30/2007	\$ 11,296	\$ 81,425	\$ 835,452	\$ 2,279,188	\$ 861,306
6/30/2008	\$ 12,298	\$ 86,569	\$ 1,006,815	\$ 2,274,402	\$ 881,513
<b>% of APC Contributed</b>					
6/30/2006	42.15%	40.84%	31.03%	31.23%	22.43%
6/30/2007	48.42%	43.28%	42.95%	35.83%	30.32%
6/30/2008	55.37%	54.27%	58.38%	51.43%	39.13%
<b>Net Pension Obligation (Asset)</b>					
6/30/2006	\$ 44,133	\$ 303,481	\$ 658,877	\$ 8,508,555	\$ 4,984,290
6/30/2007	\$ 49,959	\$ 349,669	\$ 1,135,543	\$ 9,971,073	\$ 5,584,453
6/30/2008	\$ 55,447	\$ 389,260	\$ 1,554,625	\$ 11,075,702	\$ 6,121,021

**Funded Status.** The funded status and funding progress of the State's retirement systems is presented in Table 16-3.



Table 16-3 (amounts expressed in thousands)

Plan	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability ("AAL") Projected Unit Credit	(c) Unfunded AAL ("UAAL") (b-a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c/e)
GARS	6/30/2008	\$ 75,406	\$ 235,780	\$ 160,374	32.0%	\$ 12,871	1246.0%
JRS	6/30/2008	\$ 612,681	\$ 1,457,336	\$ 844,655	42.0%	\$ 143,700	587.8%
SERS	6/30/2008	\$ 10,995,366	\$ 23,841,280	\$ 12,845,914	46.1%	\$ 3,967,704	323.8%
TRS	6/30/2008	\$ 38,430,723	\$ 68,632,367	\$ 30,201,644	56.0%	\$ 8,521,717	354.4%
SURS	6/30/2008	\$ 14,586,325	\$ 24,917,677	\$ 10,331,352	58.5%	\$ 3,303,220	312.8%

**Actuarial Methods and Assumptions.** Actual valuations of an ongoing retirement system involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the retirement systems and the annual required contributions of the State are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress of the State's retirement systems, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the retirement systems' assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided at the time of each valuation and do not include the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and retirement system members in the future. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 16-4.

Table 16-4 (amounts expressed in thousands)

	GARS	JRS	SERS	TRS	SURS
Required contribution amounts/rates:					
Statutory required contribution *	\$ 6,810	\$ 46,873	\$ 576,626	\$ 1,135,127	\$ 344,945
Members	11.5%	11%	4%-12.5%	9.4%	8%-9.5%
Actuarial valuation date of the ARC	6/30/2006	6/30/2006	6/30/2006	6/30/2006	6/30/2007
Actuarial valuation date of the UAAL	6/30/2008	6/30/2008	6/30/2008	6/30/2008	6/30/2008
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	30 years. Open	30 years. Open	30 years. Open	30 years. Open	30 years. Open
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumptions:					
Investment rate of return **	8%	8%	8.5%	8.5%	8.5%
Projected salary increases **	5%	5%	4% - 9.1%	5.9% - 10.2% ***	5% - 10%
Postretirement benefit increases	3%	3%	3%	3%	3%
Inflation rate	4%	4%	3%	3.5%	3%
<p>* Public Act 88-593 provides for 50-year funding including 15-year phase-in of employer contributions as a percentage of active member payroll increasing until fiscal year 2010, and remaining at that level until fiscal year 2045 when the Systems' funded ratios will be 90%. Public Act 94-004 amended Public Act 88-593 by reducing contributions for fiscal years 2006 and 2007 and requiring incremental increases for fiscal years 2008 through 2010 in order that the funded ratio in fiscal year 2011 will not be impacted.</p> <p>** Includes inflation rate listed</p> <p>*** Composite, approximately 6.5%</p>					
<p>Note: The above actuarial assumptions are the actuarial assumptions used at June 30, 2006 to calculate the ARC for the year ended June 30, 2008. The actuarial assumptions used at June 30, 2008 to calculate the actuarial accrued liability as reported in the required supplementary information were the same except for the following:</p>					
	GARS	JRS	SERS	TRS	SURS
Projected salary increases	5%	5%	4% - 8.35%	6% - 11.1% ****	Same as above
**** Composite, approximately 7%					

## **17 POSTEMPLOYMENT BENEFITS**

Effective July 1, 2007, the State implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires reporting on an accrual basis in the government-wide financial statements the expenses associated with providing other postemployment benefits (“OPEB”) and a related liability for expenses which have not 1) been paid to or on behalf of annuitants or 2) irrevocably transferred to a trust, or equivalent arrangement, dedicated to providing benefits to annuitants which is protected from the creditors of the State. As the State implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008 and has implemented GASB Statement No. 45 prospectively, no initial OPEB liability has been recorded.

**Plan Description.** The State Employees Group Insurance Act of 1971 (“Act”), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all State and university component unit employees become eligible for postemployment benefits if they eventually become annuitants of one of the State sponsored pension plans. The Department of Healthcare and Family Services and the Department of Central Management Services administer these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (General Assembly Retirement System, Judges Retirement System, State Employees Retirement System, Teachers Retirement System, and the State Universities Retirement System). The portions of the Act related to OPEB establishes a single-employer defined benefit OPEB plan with a special funding situation for employees of the State’s component unit universities. The plan does not issue a stand-alone financial report.

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$5,000.

**Funding Policy and Annual OPEB Cost.** In accordance with the Act, the State contributes toward the cost of an annuitant’s coverage under the basic program of group health, dental, and vision benefits an amount equal to five percent of that cost for each full year of creditable service up to a maximum of one hundred percent for an annuitant with twenty or more years of creditable service. For fiscal year 2008, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$6,071.04 (\$3,702.00 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$9,478.08 (\$4,735.44 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

For current employees, contributions are dependent upon annual salary and whether or not the employee chooses to receive benefits through a health maintenance organization. Current employee contribution rates to the plan are presented in Table 17-1.

Table 17-1		
<u>Employee Annual Salary</u>	<b>Annual Employee Health, Dental, and Vision Contribution Requirements</b>	
	<b>Benefits Through a Health</b>	<b>Benefits Provided Through Other Than a Health</b>
	<u>Maintenance Organization</u>	<u>Maintenance Organization</u>
\$29,500 and below	\$540	\$840
\$29,501 - \$44,600	\$600	\$900
\$44,601 - \$59,300	\$630	\$930
\$59,301 - \$74,300	\$660	\$960
\$74,301 and above	\$690	\$990

The State's lack of funding requirement differs significantly from the annual OPEB cost ("AOPEBC") as pay-as-you-go does not conform to the GASB Statement No. 45 accounting parameters. The State's AOPEBC for the current year and related information is included in Table 17-2.

Table 17-2 (amounts expressed in thousands)	
Actuarially required contribution and annual other postemployment benefits cost	\$ 1,775,991
Benefits paid during the year	537,860
Increase in net other postemployment benefits obligation ("NOPEBO")	1,238,131
NOPEBO at June 30, 2007	-
NOPEBO at June 30, 2008	<u>\$ 1,238,131</u>

The AOPEBC, the percentage of AOPEBC for the year, and the NOPEBO at the end of the year are presented in Table 17-3.

Table 17-3 (amounts expressed in thousands)	
	<u>6/30/2008</u>
<b>Annual Other Postemployment Benefits Cost (AOPEBC)</b>	\$ 1,775,991
<b>% of AOPEBC Contributed</b>	30.29%
<b>Net Other Postemployment Benefits Obligation</b>	\$ 1,238,131

**Funded Status.** The funded status and funding progress of the State's OPEB is presented in Table 17-4.

Table 17-4 (amounts expressed in thousands)							
	(a)	(b)	(c)	(d)	(e)	(f)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)	
6/30/2007	\$ -	\$ 23,890,383	\$ 23,890,383	0.0%	\$ 6,872,740	347.6%	

**Actuarial Methods and Assumptions.** Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress of the State's OPEB plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided at the time of each valuation and do not include the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 17-5.

Table 17-5	
Actuarial valuation date of the actuarial required contribution	6/30/2007
Actuarial valuation date of the unfunded actuarial accrued liability	6/30/2007
Actuarial cost method	Proj. Unit Credit
Amortization method	Level % of pay
Remaining amortization period	30 years. Open
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return *	4.5%
Projected salary increases *	4.0%
Inflation rate	3%
Healthcare cost trend rate:	
Medical	9.0% grading down .5% per year over 8 years to 5.0%
Dental	6.0% grading down .5% per year over 2 years to 5.0%
Vision	5.0%
* Includes inflation rate listed	

**Plans Administered for Other Governments.** The State also administers cost-sharing OPEB plans for teachers at school districts in Illinois (excluding Chicago) and for teachers at community colleges in Illinois. Financial statements for these plans may be obtained from the Department of Healthcare and Family Services (“Department”), 201 South Grand Avenue East, Springfield, Illinois 62763. The State Group Insurance Act of 1971 (“Act”), as amended, establishes the benefits provided to retirees; the rates of contribution for active employees, employers, and the State; and the process, if any, to amend rates of contribution for both plans with a funding policy of pay-as-you-go. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Teacher Health Insurance Security Fund was established to provide health insurance for retirees of school districts in Illinois (excluding Chicago) who are annuitants or dependent beneficiaries of the Teachers’ Retirement System (“TRS”). As of June 30, 2008, there were 1,005 school districts participating with 53,414 retirees and 9,522 dependents receiving benefits. The Department works in conjunction with the Department of Central Management Services (“CMS”) and TRS to administer this cost-sharing multiple-employer defined benefit OPEB plan. The Act requires every active contributor of TRS make contributions to the plan at a rate of .84% of salary and for every employer to contribute an amount equal to .63% of each teacher’s salary. The Act also requires the State to contribute the amount of remaining funds estimated necessary to fund current expenditures as certified by the Director of the Department. At the time of the most recent amendments to the Act, this amount was expected to be approximately .84%. The Director of the Department can amend the contribution rates of employers and employees annually subject to a limitation of 5% pursuant to the Act. The amount of the State’s required contribution was \$68.596 and \$62.839 million for fiscal years 2008 and 2007, respectively. The State contributed the entire contribution in both years and contributed an additional \$13.000 million in fiscal year 2007.

The Community College Health Insurance Security Fund was established to provide health, vision, and dental insurance for Illinois community college retirees and dependent beneficiaries. As of June 30, 2008, there were 38 community college districts (all of the State’s districts except the City Colleges of Chicago District) participating with 4,299 retirees and 863 dependents receiving benefits. The Department works in conjunction with the Department of CMS and the State Universities Retirement System (“SURS”) to administer this cost-sharing multiple-employer defined benefit OPEB plan. The Act requires every active contributor of SURS who is a full-time employee of a community college district or an association of community college boards to make contributions to the plan at the rate of .5% of salary and every community college district or association of community college boards to contribute to the plan an amount equal to .5% of the salary paid to its full-time employees who are required to contribute to the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund to cover any expected expenditures in excess of the contributions by active employees and employers in an amount certified by the SURS Board of Trustees. The amount of the State’s required contribution and the amount contributed was \$4.740 and \$3.707 million for fiscal years 2008 and 2007, respectively.

**18 FUND DEFICITS****Primary Government - Governmental Activities*****Major Governmental Funds***

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$3.9 billion at June 30, 2008. This deficit results from spending in excess of revenues recognized.

***Nonmajor Governmental Funds***

The Vocational Rehabilitation Fund, the DHS Special Purposes Trust Fund, and the Early Intervention Services Revolving Fund of the Department of Human Services have deficits at June 30, 2008, aggregating \$1.5, \$3.5, and \$1.6 million, respectively, resulting from spending in excess of revenues recognized.

The Job Training Partnership Fund of the Department of Commerce and Economic Opportunity; the Low Income Home Energy Assistance Block Grant Fund of the Department of Healthcare and Family Services; the State Gaming Fund, the State and Local Sales Tax Reform Fund, the County and Mass Transit District Fund, the Local Government Tax Fund, and the Personal Property Tax Replacement Fund of the Department of Revenue; the Federal/Local Airport Fund of the Department of Transportation; the DCFS Childrens' Services Fund of the Department of Children and Family Services; the Drivers Education Fund and SBE Federal Department of Agriculture Fund of the State Board of Education; and the Federal Civil Preparedness Administrative Fund of the Emergency Management Agency have deficits at June 30, 2008, aggregating \$10.1 million, \$1 thousand, \$9.3 million, \$1.8 million, \$825 thousand, \$3.6 million, \$15.3 million, \$29.7 million, \$22.3 million, \$15.2 million, \$62 thousand, and \$703 thousand, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

**19 RISK MANAGEMENT****Primary Government**

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks except minimal commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The amount of settlements has not exceeded insurance coverage in the past three fiscal years. In addition, the State is exposed to various risks of loss related to employee health and dental insurance programs as described below.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and

amount of payouts and other economic and social factors. Nonincremental claims adjustment expenses have not been included as part of the liability.

The State's risk financing of auto liability has been determined using an estimate of claims outstanding. Matured claims have been recorded as a liability in the General Fund in the amount of \$528 thousand. The remaining portion of the liability is included in the government-wide financial statements and is expected to be paid from future resources of the General Fund and Road Fund in the amount of \$1.7 million and \$10.0 million, respectively.

The workers compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior years experience of the State. Matured claims have been recorded as a liability in the Workers' Compensation Revolving Fund, an internal service fund, in the amount of \$229.7 million. Payments to the Workers' Compensation Revolving Fund are based on estimates of amounts needed to pay current year claims and are made from the applicable fund that would have paid the salaries and wages of the related employees.

The State uses the Health Insurance Reserve Fund to account for employee health and dental insurance benefit programs, which are partially self-funded. Employees may obtain health care services through participation in the State's group health insurance plan or through membership in one of eight health maintenance organization plans under contract with the State. The State maintains the risk of insurance for employees who participate in the State's group health insurance plan. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, have been recorded as liabilities in the amount of \$156.9 million. Payments to the Health Insurance Reserve Fund are based on estimates of amounts needed to pay prior year unprocessed and current year claims and are made from the applicable fund that paid the salaries and wages of the related employee.

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2008:

Year Ended June 30	Changes in Claims Liability Balances			
	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
Primary Government-Governmental Activities:				
2007				
Auto Liability	\$ 9,227	\$ 4,177	\$ (4,096)	\$ 9,308
Workers' Compensation	181,184	129,415	(109,851)	200,748
Health Insurance	112,403	531,621	(531,908)	112,116
Total	<u>\$302,814</u>	<u>\$ 665,213</u>	<u>\$ (645,855)</u>	<u>\$ 322,172</u>
2008				
Auto Liability	\$ 9,308	\$ 6,514	\$ (3,616)	\$ 12,206
Workers' Compensation	200,748	151,278	(122,343)	229,683
Health Insurance	112,116	545,252	(500,454)	156,914
Total	<u>\$322,172</u>	<u>\$ 703,044</u>	<u>\$ (626,413)</u>	<u>\$ 398,803</u>
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2007				
Toll Highway Authority	\$ 6,328	\$ 6,474	\$ (4,184)	\$ 8,618
Southern Illinois University	14,521	4,912	(6,734)	12,699
University of Illinois	142,214	63,188	(49,224)	156,178
	<u>\$163,063</u>	<u>\$ 74,574</u>	<u>\$ (60,142)</u>	<u>\$ 177,495</u>
2008				
Toll Highway Authority	\$ 8,618	\$ 6,765	\$ (4,694)	\$ 10,689
Southern Illinois University	12,699	10,460	(7,471)	15,688
University of Illinois	156,178	65,165	(44,175)	177,168
	<u>\$177,495</u>	<u>\$ 82,390</u>	<u>\$ (56,340)</u>	<u>\$ 203,545</u>

The State administers a public entity risk pool offering health insurance to local governments in the Local Government Health Insurance Reserve Fund, a nonmajor enterprise fund. The financial statements of the fund can be obtained from the Department of Healthcare and Family Services, 201 South Grand Avenue, Springfield, Illinois, 62763.

### **Component Units**

The Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability and auto liability. The Authority's accrued self-insurance liability was \$10.7 million at December 31, 2007.

Southern Illinois University, a major component unit, records an accrued self-insurance liability which covers general and professional liability and limited student health care liability in excess of costs not covered by other primary provider plans. The University's accrued self-insurance liability was \$15.7 million at June 30, 2008.

The University of Illinois, a major component unit, records an accrued self-insurance liability which covers hospital patient liability, hospital and medical professional liability, estimated general and contract liability, and workers' compensation liability related to employees paid by the University. The University's accrued self-insurance liability was \$177.2 million at June 30, 2008.

Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois have contracted with commercial carriers to provide excess insurance coverage. These coverages have been considered in determining the accrued self-insurance liability where applicable. There were no settlements which exceeded insurance coverage during the last three years.

The nonmajor component unit universities carry excess general liability coverage. The deductible portion of this coverage is covered by the State University Risk Management Association, a self-insurance pool.

## **20 COMMITMENTS AND CONTINGENCIES**

### **A. Construction Commitments**

The Department of Transportation has outstanding construction commitments for highway improvement programs of \$1.644 billion as of June 30, 2008 which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$148.604 million as of June 30, 2008, which will be financed through State reappropriations. The Illinois State Toll Highway Authority, reported on a December 31st year-end, has entered into commitments for road construction of \$1.084 billion as of December 31, 2007. The University of Illinois has outstanding construction commitments for various building and building improvement projects of \$135.8 million as of June 30, 2008.

### **B. Operating Leases**

The State has entered into various operating leases for land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to



appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. Any operating leases with scheduled rent increases are considered immaterial to the future minimum lease payments and current rental expenditures.

Future minimum commitments for non-cancelable operating leases as of June 30, 2008 are as follows:

Table 20-1 (amounts expressed in thousands)					
<b>Operating Leases</b>					
<b>Year Ending June 30</b>	<b>Primary Government</b>	<b>Major Component Units</b>			
		<b>Housing Development Authority</b>	<b>Illinois State University</b>	<b>Northern Illinois University</b>	<b>University of Illinois</b>
2009	\$ 98,497	\$ 816	\$ 554	\$ 1,174	\$ 8,324
2010	82,889	843	526	1,154	5,591
2011	73,690	869	476	1,001	3,974
2012	56,016	895	421	847	2,705
2013	38,578	922	310	824	2,235
2014-2018	87,533	2,924	122	2,846	7,209
2019-2023	6,813	--	--	--	183
2024-2028	--	--	--	--	47
Total minimum lease payments	<u>\$ 444,016</u>	<u>\$ 7,269</u>	<u>\$ 2,409</u>	<u>\$ 7,846</u>	<u>\$ 30,268</u>

Rental payments (amounts expressed in millions) for operating leases charged to operations during the year ended June 30, 2008 aggregated \$310.4 for the primary government and \$30.3 for major component units.

### **C. Tax Litigation**

At June 30, 2008, the State of Illinois has \$415.1 million in payments received related to protested tax cases which have not been adjudicated. In addition, the State defends many lawsuits challenging reasons for denial of tax refunds in relation to tax payments already received. The ultimate disposition of these protested tax payments received and claims for tax refunds is not determinable at this time.

### **D. Federal Funding**

The State receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2008, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

### **E. Tobacco Settlement**

A Master Settlement Agreement ("MSA") was executed in November of 1998 between five tobacco companies and 46 states, including the State of Illinois. The MSA called for, among other things, the payment of more than \$200 billion allocated to the states in installments payable

until the year 2025 with additional payments continuing thereafter in perpetuity. The payments are subject to various adjustments such as those for volume shipped, inflation, and the success of litigation by other governmental units and could amount to less than the expected amounts. Various aspects of the MSA have been challenged in court both locally and nationally. The State has received \$2.660 billion in payments from the MSA through June 30, 2008. The State's share was originally expected to be \$9.119 billion through 2025 before adjustments. However, the State's cumulative adjusted payments have been 15.45% less than the original estimate. Because of the novelty of the MSA, the many related claims against various aspects of the MSA, and the uncertainty inherent in the calculation of payments under the MSA, it is not possible to accurately predict the amount of money that will actually be received by the State with reasonable certainty.

***F. Excess Fee Charges***

There have been several cases filed that challenge the constitutionality of legislation allowing the broader use of fee proceeds that are deposited into special funds the use of which is, by law, otherwise limited to specified purposes. The lead case is *Illinois State Chamber of Commerce v. Filan*. In the fiscal year 2004 Budget Implementation Act, the legislature authorized the Director of the Governor's Office of Management and Budget to transfer funds from specialized or dedicated funds to the General Fund. Some of these specialized funds are funded by fees. The Chamber of Commerce, as an employer, pays a surcharge to the Department of Financial and Professional Regulation. The fee is then used by the Workers Compensation Commission ("Commission") for the Commission's operations. The stated purpose of the fee is to fund the Commission's operations to help balance the budget. However, the surcharge and fee generated more than twice the sum needed for the Commission's operating budget allowing the excess fees to be transferred to the General Fund. The Chamber of Commerce has alleged that this practice violates the tax uniformity clause of the Illinois Constitution, the due process clause of the Illinois Constitution and the United States Constitution, and the due takings clause, claiming the fee is, in effect a disproportional and unfair tax. On November 29, 2004, the Cook County Circuit Court ruled that the fee violated the Uniformity Clause and the Due Process Clause of the Illinois Constitution and ordered all monies currently held or to be collected to be placed in an escrow fund. On October 25, 2005, the circuit court allowed the Commission to withdraw operating funds from the escrow fund on a monthly basis to continue operating while the surcharge's constitutionality continues to be litigated. The State collected surcharges and fees related to the case of \$30.7, \$23.0, \$13.6, \$14.0, and \$14.3 million in fiscal years 2004, 2005, 2006, 2007 and 2008, respectively. Subsequent to June 30, 2008 the State received \$14.7 million for fiscal year 2009.

The other cases are on hold pending the outcome of the lead case. In the aggregate, these cases involve an amount in excess of \$10 million.

***G. Other Legal Proceedings***

The State, its units and employees are party to numerous legal proceedings, many of which normally recur, in governmental operations. In addition, the State and its units are involved in certain other legal proceedings, which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on future expenditures or revenue sources.

Also included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs primarily involving the State's Medicaid program:

- A suit (*Ligas v. Maram*) has been filed by nine name plaintiffs and on behalf of a class of Medicaid-eligible developmentally disabled persons seeking more public resources devoted to community services for the developmentally disabled. Plaintiffs allege that they are presently residing in Medicaid-funded institutions, or that they are at risk of institutionalization, because the State failed to provide adequate support services to enable them to live in the community. Plaintiffs claim, among other things, that the State does not have an "Olmstead Plan" in place to enable developmentally disabled persons to leave institutions for community placements. Plaintiffs claim that the State's acts and omissions violate Title II of the ADA, Section 504 of the Rehabilitation Act, the Medicaid Act and 42 U.S.C. § 1983. Class certification has been granted by the District Court.
- A similar action to *Ligas* (*Williams v. Blagojevich*) involves resources devoted to the mentally ill rather than the developmentally disabled. Class certification by the court has been granted and the matter is currently in discovery.
- Another action similar to *Ligas* (*Colbert v. Blagojevich*) involves claims that more than ten thousand persons with disabilities are being wrongfully kept in nursing facilities rather than being placed in the community. Class certification by the court has been granted and the matter is currently in discovery.

Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future. Because of the prospective nature of these matters and undeterminable exposure of loss, no provision for this potential exposure has been made in the accompanying basic financial statements.

#### ***H. Illinois Housing Development Authority Bonds ("IHDA")***

The IHDA, a component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. In the event that the IHDA determines that funds will not be sufficient for the payment of principal and interest on these bonds, the Chairman of the IHDA shall certify to the Governor as soon as practicable the amount required by the IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds to the IHDA. As of June 30, 2008, the outstanding balance of bonds, which the State is morally obligated to repay is \$.3 million.

#### ***I. Metropolitan Pier and Exposition Authority ("McCormick Place")***

The Authority, not a part of the State of Illinois reporting entity, is authorized by the Metropolitan Pier and Exposition Authority Act to issue bonds in the principal amount of \$312.5 million, excluding refunding bonds issued after January 1, 1986. These bonds were issued (1) to pay construction costs of completing the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General Assembly in the future, (3) to refund any outstanding bonds of the McCormick Place that were issued prior to July 1, 1984 and (4) to provide for the acquisition and improvement of Navy Pier in Chicago. In order to provide

funding for the debt service requirements on these bonds, the Illinois General Assembly amended tax laws to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and \$1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund (a nonmajor governmental fund). Within the Build Illinois Fund are credits to separate accounts, of which one is the “McCormick Place Account” and has first priority credit of the amounts collected.

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a nonmajor governmental fund) an amount equal to 150% of the Authority’s certified amount for that fiscal year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed \$33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2008, debt service requirements were \$31.6 million. However, the amount paid to the Authority based on their annual certification was \$30.4 million, which is below the authorized amount of \$33.5 million.

The Authority is also authorized to issue an additional \$2.107 billion of bonds (excluding refunding bonds) to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. These bonds are special, limited obligations of the Authority and are payable from and secured by a pledge of revenues derived from Authority taxes and State sales tax deposits. For State fiscal years when these bonds are outstanding, monthly deposits of Authority taxes to the McCormick Place Expansion Project Fund (an agency fund) are required to be made in an amount equal to 1/8 of the annual debt service as specified in the Authority’s Annual Certification plus any prior months’ deficiencies in transfers. To the extent that Authority taxes are not sufficient to satisfy the requirements of the Authority’s Annual Certification, State sales taxes are deposited into the McCormick Place Expansion Project Fund. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund from the State sales taxes shall not exceed \$126 million in fiscal year 2008, \$132 million in fiscal year 2009, \$139 million in fiscal year 2010, \$146 million in fiscal year 2011, \$153 million in fiscal year 2012, and graduating to \$275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2008, debt service requirements for these bonds were \$126.0 million. The amount paid to the Authority based on their annual certification was \$125.5 million. During fiscal year 2008, only deposits from the Authority’s taxes were used to pay to the Authority for the debt service requirements; the State sales tax was not required and was transferred for deposit into the State’s General Fund.

***J. Regional Transportation Authority (“RTA”)***

The RTA, not a part of the State of Illinois reporting entity, was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of \$100 million on or after January 1, 1990 with an additional \$100 million per year authorized to be issued on or after January 1<sup>st</sup> of each year until January 1, 1994, for a total authorization of \$500 million used for Strategic Capital Improvement Projects (“SCIP”). Effective July 1, 1999, Public Act 91-37 authorized the RTA to issue additional bonds in the principal amount of \$260 million on or after January 1, 2000 with an additional \$260 million per year authorized to be issued on or after January 1<sup>st</sup> of each year until January 1, 2004 for an additional authorization of \$1,300 million to be used for SCIP. Public Act 91-37 also authorized the issuance of refunding SCIP bonds. The

proceeds of SCIP bonds were used to acquire, repair, or replace public transportation facilities in the metropolitan region as approved by the Governor.

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund (a nonmajor governmental fund) for payment in an amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for \$155 million each fiscal year. During fiscal year 2008, the State provided \$117.8 million to the RTA, which is below the authorized amount of \$155 million. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of, or security for, the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion.

***K. Illinois Sports Facilities Authority ("ISFA")***

The ISFA, not a part of the State of Illinois reporting entity, was authorized by the Illinois Sports Facilities Act to issue bonds and notes in the principal amount not to exceed 1) \$150 million in connection with facilities owned by the ISFA, 2) \$399 million in connection with facilities owned by a governmental owner other than the ISFA and 3) to refund, advance refund or refinance any of its bonds then outstanding.

The bonds are secured by payments from the Illinois Sports Facilities Fund (a nonmajor governmental fund) from collections of 1) the State's Hotel Operator's Occupation Tax in an amount equal to the applicable advance amount plus \$5 million and 2) the City of Chicago's share of the Local Government Distributive Fund (a nonmajor governmental fund) in the amount of \$5 million. This advance amount is required to be repaid by the ISFA from collections of the ISFA's Hotel Tax to the State's General Fund by the end of the fiscal year. In the event of a deficiency in the Hotel Tax, amounts otherwise payable to the City of Chicago from the Local Government Distributive Fund should be used for the repayment.

Annually, the ISFA is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus \$10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the ISFA or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the ISFA. Pursuant to the certification, the maximum advance amount for fiscal year 2008 was \$30.786 million plus \$10 million for a total of \$40.786 million.

The ISFA's annual certification for fiscal year 2008 was in the amount of \$38.0 million, which is below the maximum amount authorized. Payments related to the annual certification, which are subject to appropriation by the General Assembly, were paid to the ISFA. The ISFA repaid the advance amount by the end of the fiscal year.

In future years, the advance amount increases by 105.615% of the preceding advance amount through fiscal year 2032. Including the additional \$10 million, the maximum which could be certified each year is \$42.515 million in fiscal year 2009, \$44.341 million in fiscal year 2010, \$46.270 million in fiscal year 2011, \$48.307 million in fiscal year 2012 and graduating to

\$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

***L. Southwestern Illinois Development Authority ("SWIDA") Revenue Bonds***

The SWIDA, a nonmajor component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest at rates ranging from 4.55% to 9.25% and mature annually through 2025. The State has accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments. As of June 30, 2008 the outstanding balance of bonds, which the State is morally obligated to repay, is \$41.1 million.

***M. Upper Illinois River Valley Development Authority ("UIRVDA") Revenue Bonds***

The UIRVDA, which is a component unit of the State, has issued revenue bonds. The proceeds of which were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest in varying rates between 5.90% and 8.85%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 2008 the outstanding balance, which the State is morally obligated to repay, is \$22.1 million.

***N. Illinois Housing Development Authority Loans***

The Illinois Housing Development Authority has entered into commitments aggregating \$61.1 million for the purchase of various home loans as of June 30, 2008.

***O. Illinois Finance Authority ("IFA") Revenue Bonds***

The IFA, a nonmajor component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. A portion of these bonds were issued on behalf of the Illinois Medical District Commission ("Commission"), a nonmajor component unit of the State, of which the proceeds were used to finance the costs of the acquisition, construction, renovation, reconstruction, installation and equipping of certain facilities in the City of Chicago. These bonds bear interest rates ranging from 4.125% to 5.33% and mature on various dates through 2031. The State has accepted a moral obligation to repay the bonds in the event the Commission is unable to meet the bonds' repayment commitments. As of June 30, 2008 the outstanding balance of these bonds, which the State is morally obligated to repay, is \$40 million.

In addition, the IFA has issued revenue bonds of behalf of municipalities as authorized by the Illinois Financially Distressed City Law (65 ILCS 5/8-12-1 et seq.) to assist the City of East St. Louis with its debt restructuring. These bonds bear interest at rates ranging from 2.75% to 5% and mature annually through 2013. The State has accepted a moral obligation to repay the bonds in the event the City of East St. Louis is unable to meet the bonds' repayment commitments. As of June 30, 2008 the outstanding balance of these bonds, which the State is morally obligated to repay, is \$10.2 million.

**21** **SEGMENT INFORMATION****Major Component Units**

Segments are identifiable activities reported as or within a component unit for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets and liabilities of the activity. All of the activities reported in the condensed financial information meet these requirements. The following paragraphs describe the various component units' segments.

***Southern Illinois University ("SIU")***

SIU has issued revenue bonds with the net revenues from two segments pledged to pay the bond interest and principal. The Housing and Auxiliary Facilities System segment is comprised of university owned housing units, student centers, recreation and athletic facilities and similar auxiliary enterprise units. The Medical Facilities System segment is comprised of clinical facilities used to provide patient care at the School of Medicine in Springfield.

***University of Illinois ("U of I")***

U of I has issued revenue bonds with the net revenues from three segments pledged to pay the bond interest and principal. The Auxiliary Facilities System segment is comprised of university owned housing units, student unions, recreation and athletic facilities and similar auxiliary service units, including parking. The Health Services Facilities System segment is comprised of the U of I Hospital and associated clinical facilities providing patient care. The Willard Airport Facility segment is comprised of land, hangars, a terminal building, parking lots, runways and related apron areas.

The following are the condensed financial statements at June 30, 2008 for the segments described above:

Table 21-1 (amounts expressed in thousands)

## Major Component Units

	Southern Illinois University		University of Illinois		
	Housing and Auxiliary Facilities System	Medical Facilities System	Auxiliary Facilities System	Health Services Facilities System	Willard Airport Facility
<b>Condensed Statement of Net Assets:</b>					
<b>Assets</b>					
Current assets	\$ 76,554	\$ 10,932	\$ 244,687	\$ 217,757	\$ 1,643
Noncurrent assets:					
Capital assets, net of accumulated depreciation	180,892	35,183	883,986	161,507	32,666
Other noncurrent assets	10,939	419	23,090	2,684	--
<b>Total assets</b>	<b>268,385</b>	<b>46,534</b>	<b>1,151,763</b>	<b>381,948</b>	<b>34,309</b>
<b>Liabilities</b>					
Current liabilities	24,552	4,073	97,547	124,690	421
Noncurrent liabilities	231,552	20,729	946,331	93,478	874
<b>Total liabilities</b>	<b>256,104</b>	<b>24,802</b>	<b>1,043,878</b>	<b>218,168</b>	<b>1,295</b>
<b>Net Assets (Deficit)</b>					
Invested in capital assets, net of related debt	(33,728)	16,264	9,580	90,433	32,248
Restricted-other expendable purposes	33,437	1,896	21,744	2,286	528
Unrestricted	12,572	3,572	76,561	71,061	238
<b>Total net assets (deficit)</b>	<b>\$ 12,281</b>	<b>\$ 21,732</b>	<b>\$ 107,885</b>	<b>\$ 163,780</b>	<b>\$ 33,014</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Assets:</b>					
Operating revenues	\$ 89,909	\$ 36,796	\$ 266,216	\$ 578,475	\$ 2,668
Operating expenses	(81,427)	(44,661)	(229,038)	(551,011)	(2,879)
Depreciation expense	(7,692)	(645)	(20,056)	(21,258)	(1,955)
Operating income (loss)	790	(8,510)	17,122	6,206	(2,166)
Nonoperating revenues (expenses)	4,591	8,633	(12,503)	(5,161)	585
Other revenues	182	5,871	--	--	--
Capital and endowment additions	--	--	--	--	547
<b>Increase (decrease) in net assets</b>	<b>5,563</b>	<b>5,994</b>	<b>4,619</b>	<b>1,045</b>	<b>(1,034)</b>
Net assets (deficit), July 1, 2007	6,718	15,738	103,266	162,735	34,048
<b>Net assets (deficit), June 30, 2008</b>	<b>\$ 12,281</b>	<b>\$ 21,732</b>	<b>\$ 107,885</b>	<b>\$ 163,780</b>	<b>\$ 33,014</b>
<b>Condensed Statement of Cash Flows:</b>					
Net cash flows provided (used) by operating activities	\$ 18,068	\$ 1,031	\$ 56,731	\$ 51,528	\$ (69)
Net cash flows provided (used) by noncapital financing activities	968	--	(833)	38,556	635
Net cash flows provided (used) by capital and related financing activities	546	(6,151)	(205,125)	(16,999)	(1,250)
Net cash flows provided (used) by investing activities	(8,386)	369	4,144	(2,615)	54
Net increase (decrease) in cash and cash equivalents	11,196	(4,751)	(145,083)	70,470	(630)
Cash and cash equivalents, July 1, 2007	33,154	11,940	350,042	61,732	2,158
<b>Cash and cash equivalents, June 30, 2008</b>	<b>\$ 44,350</b>	<b>\$ 7,189</b>	<b>\$ 204,959</b>	<b>\$ 132,202</b>	<b>\$ 1,528</b>



## 22 SPECIAL ITEM

### A. Sale of Student Loans

During fiscal year 2008, the Illinois Student Assistance Commission ("Commission") sold student loans receivable from the Illinois Designated Account Purchase Program Fund ("IDAPP") with a carrying amount of \$2.639 billion for \$2.643 billion. The loans receivable constituted 78% of IDAPP's total student loan portfolio as of the beginning of the year.

The gross premium from the sale of \$77.314 million less the expenses related to the sale of \$231 thousand, the corresponding write-off of unamortized premiums, origination and default fees of \$75.963 million and the recovery of loan loss reserve of \$3.246 million are reported as special items in the Statement of Revenues, Expenses and Changes in Fund Net Assets.

In addition, the Commission retired \$2.608 billion in revenue bonds associated with the student loan portfolio, which was sold in July and August 2008. Expenses related to the early extinguishment of \$7.190 million and write-offs of unamortized bond discounts and costs of issuance of \$8.031 million are reported as special items in the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Details of the amount reported as a special item are as follows:

Table 22-1 (amounts expressed in thousands)

<b>Special Item</b>	
Sale of student loan portfolio	
Premium from sale of loans	\$ 77,314
Expenses related to sale of loans	(231)
Gain from loan sale, net of direct expenses	77,083
Write-off of capitalized premiums, origination, and default fees	(72,717)
Net gain from sale of student loans	4,366
Early extinguishment of debt	
Expenses related to retirement of bonds	(7,190)
Write-off of unamortized discounts for bonds retired	(8,031)
Net loss from sale of student loans	(15,221)
Net special item	\$ (10,855)

## 23 SUBSEQUENT EVENTS

### A. Debt issues

Subsequent to June 30, 2008, the State of Illinois' primary government and its major component units have issued the following debt instruments:

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General obligation bonds:				
April, Series 2009	4/14/2009	\$ 150.0	3.00% to 5.25%	2034
General obligation certificates:				
December, Series 2008	12/22/2008	\$ 1,400.0	4.50%	2009
May, Series 2009	5/21/2009	\$ 1,000.0	4.00%	2010
<b>Business-type Activities:</b>				
Designated Account Purchase Program:				
Student Loan Revenue Bonds, Series 2009 (State Guaranteed)	5/28/2009	\$ 50.0	3.15%	2014
<b>Major Component Units:</b>				
Revenue bonds:				
Illinois Housing Development Authority				
Multi-Family Housing Bonds				
Series 2008 (Brookhaven Apartments)	8/7/2008	\$ 18.3	Variable	2038
Series 2008 (Alden Gardens of Bloomingdale)	10/15/2008	\$ 10.1	Variable	2043
HFA Risk Sharing Debenture (Marywood Apartment Homes)	11/14/2008	\$ 14.9	5.00%	2013
Series 2008 (Foxview I & II Apartments)	12/23/2008	\$ 30.3	Variable	2041
Illinois State Toll Highway Authority*				
Series 2008 A-1 (Refunding Issue)	2/7/2008	\$ 383.1	Variable	2031
Series 2008 A-2 (Refunding Issue)	2/7/2008	\$ 383.1	Variable	2031
Series 2008 B (Toll Highway Senior Priority)	11/18/2008	\$ 350.0	5.50%	2033
Series 2009 A (Toll Highway Senior Priority-Build America Bonds)	5/21/2009	\$ 500.0	5.293% to 6.184%	2034
Southern Illinois University				
Series 2009A (Housing & Auxiliary Facilities System-Build America Bonds)	5/15/2009	\$ 53.7	2.5% to 6.2%	2030
University of Illinois				
Series 2008 (South Campus Development Project Refunding Bonds)	7/16/2008	\$ 54.2	Variable	2022
Series 2009A (Auxiliary Facilities System)	3/19/2009	\$ 84.1	2.00% to 5.75%	2038
Certificates of Participation:				
University of Illinois				
Series 2009A (Refunding)	6/12/2009	\$ 38.2	3.00% to 5.25%	2027
Series 2009B (Refunding)	6/12/2009	\$ 75.0	Variable	2027
* Illinois State Toll Highway Authority fiscal year-end is 12/31/07				

***B. American Recovery and Reinvestment Act of 2009***

On February 17, 2009, the President of the United States signed into law the American Recovery and Reinvestment Act of 2009 which is expected to provide the State over \$9 billion in additional direct funding from the federal government for infrastructure, fiscal stabilization, and other programs over the next several years.

***C. Fair Value of Investments***

The financial markets experienced significant reductions and increased volatility subsequent to June 30, 2008 due to concerns about a global recession, a credit market crisis, and other factors. As a result, many of the individual investments reported in the accompanying financial statements have incurred significant declines in fair value.

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## **Required Supplementary Information**

State of Illinois

**Budgetary Comparison Schedule  
Major Governmental Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>								
Income taxes	\$ 11,252,000	\$ 11,252,000	\$ 12,179,995	\$ 927,995	\$ -	\$ -	\$ -	\$ -
Sales taxes	7,577,000	7,577,000	7,214,592	(362,408)	-	-	-	-
Public utility taxes	1,105,000	1,105,000	1,157,111	52,111	-	-	-	-
Federal government	5,014,000	5,014,000	4,700,121	(313,879)	1,230,000	1,230,000	1,256,526	26,526
Other	2,215,000	2,215,000	2,394,735	179,735	994,476	994,476	977,259	(17,217)
Less:								
Refunds	-	22,038	17,610	(4,428)	-	2,021	1,982	(39)
<b>Total revenues</b>	<b>27,163,000</b>	<b>27,140,962</b>	<b>27,628,944</b>	<b>487,982</b>	<b>2,224,476</b>	<b>2,222,455</b>	<b>2,231,803</b>	<b>9,348</b>
<b>EXPENDITURES:</b>								
Current:								
Health and social services	13,848,979	13,847,258	13,752,618	(94,640)	135,608	135,608	135,608	-
Education	10,461,560	10,442,552	10,354,544	(88,008)	-	-	-	-
General government	710,502	714,535	678,160	(36,375)	129,380	128,243	127,317	(926)
Transportation	134,841	131,755	122,452	(9,303)	4,382,295	1,940,843	1,903,216	(37,627)
Public protection and justice	1,956,890	1,972,671	1,910,337	(62,334)	106,086	106,086	106,085	(1)
Employment and economic development	204,696	195,528	177,191	(18,337)	1,900	1,900	1,900	-
Environment and business regulation	122,614	122,690	114,713	(7,977)	-	-	-	-
Capital outlays	34,615	33,439	29,247	(4,192)	80,662	34,219	32,018	(2,201)
<b>Total expenditures</b>	<b>27,474,697</b>	<b>27,460,428</b>	<b>27,139,262</b>	<b>(321,166)</b>	<b>4,835,931</b>	<b>2,346,899</b>	<b>2,306,144</b>	<b>(40,755)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(311,697)</b>	<b>(319,466)</b>	<b>489,682</b>	<b>809,148</b>	<b>(2,611,455)</b>	<b>(124,444)</b>	<b>(74,341)</b>	<b>50,103</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>								
Proceeds from short-term borrowings	-	2,400,000	2,400,000	-	-	-	-	-
Transfers-in	6,956,695	6,956,695	6,956,695	-	335,094	335,094	335,094	-
Transfers-out	(10,545,739)	(10,545,739)	(10,545,739)	-	(290,763)	(290,763)	(290,763)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,589,044)</b>	<b>(1,189,044)</b>	<b>(1,189,044)</b>	<b>-</b>	<b>44,331</b>	<b>44,331</b>	<b>44,331</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>-</b>	<b>(281)</b>	<b>(281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(3,900,741)</b>	<b>(1,508,791)</b>	<b>(699,643)</b>	<b>809,148</b>	<b>(2,567,124)</b>	<b>(80,113)</b>	<b>(30,010)</b>	<b>50,103</b>
Budgetary fund balances, July 1, 2007	(134,848)	(134,848)	(134,848)	-	353,378	353,378	353,378	-
<b>BUDGETARY FUND BALANCES</b>								
<b>(DEFICITS), JUNE 30, 2008</b>	<b>\$ (4,035,589)</b>	<b>\$ (1,643,639)</b>	<b>\$ (834,491)</b>	<b>\$ 809,148</b>	<b>\$ (2,213,746)</b>	<b>\$ 273,265</b>	<b>\$ 323,368</b>	<b>\$ 50,103</b>

State Construction Account				
Original Budget	Final Budget	Actual	Variance Over (Under)	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
501,700	501,700	517,262	15,562	
-	-	-	-	-
501,700	501,700	517,262	15,562	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,496,232	548,148	548,059	(89)	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,496,232	548,148	548,059	(89)	
(994,532)	(46,448)	(30,797)	15,651	
-	-	-	-	-
243,865	243,865	243,865	-	-
(96)	(96)	(96)	-	-
243,769	243,769	243,769	-	-
-	-	-	-	-
(750,763)	197,321	212,972	15,651	
201,394	201,394	201,394	-	-
\$ (549,369)	\$ 398,715	\$ 414,366	\$ 15,651	

**Notes to Budgetary Comparison Schedule – Budget and Actual  
– Major Governmental Funds**

For the Year Ended June 30, 2008

**A. Budgetary Basis of Accounting**

The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive Budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce, or veto each appropriation passed by the General Assembly. Transfers-in and transfers-out contained in the Executive Budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Statewide Accounting Management System controls expenditures by line-item as established in approved appropriation bills and ensures that appropriated expenditure amounts are not exceeded.

The level of legal control is at the line-item appropriation level as reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures*. A separate document is necessary due to the State's large amount of appropriated line-items. Generally, administrative transfers between transferable appropriation line-items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to those line-items for an agency from that fund. Examples of appropriation line-items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing, and Equipment. As an additional restriction, Personal Services appropriation line-items generally cannot be reduced. Legislative action is required for more substantial transfers. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided the expenditure is presented for payment during the succeeding two month "lapse period." An exception to the lapse period requirements are expenditures described in Section 25 of the State Finance Act (30 ILCS 105/25). These Section 25 expenditures, mostly related to the reimbursement of hospitals, physicians, and pharmacists for Medicaid patients, are allowed to be paid in the following fiscal year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program that requires additional time for completion.

The original budgeted revenues represent estimates while original budgeted expenditures represent original and continuing appropriations enacted into law by appropriation bills. Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the final budget column, therefore, updated revenue estimates have been reported. Final expenditure budgets represent original and continuing appropriations modified by supplemental and amendatory appropriations. The State's basis of budgeting is essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

The State Budget Law (15 ILCS 20) requires the budget for certain funds, called budgeted funds which include the General Revenue, Common School, and Educational Assistance subaccounts of the General Fund and the Road Fund, to be prepared:

“. . . on the basis of revenue and expenditure measurement concepts that are in concert with generally accepted accounting principles for governments . . .



. . . The revenue estimates used in the State budget for the budgeted funds shall include the estimated beginning fund balance, plus revenues estimated to be received during the budgeted year, plus the estimated receipts due the State as of June 30 of the budgeted year that are expected to be collected during the lapse period following the budgeted year, minus the receipts collected during the first 2 months of the budgeted year that became due to the State in the year before the budgeted year. Revenues shall also include estimated federal reimbursements associated with the recognition of Section 25 of the State Finance Act liabilities. For any budgeted fund for which current year revenues are anticipated to exceed expenditures, the surplus shall be considered to be a resource available for expenditure in the budgeted fiscal year.

Expenditure estimates for the budgeted funds included in the State budget shall include the costs to be incurred by the State for the budgeted year, to be paid in the next fiscal year, excluding costs paid in the budgeted year which were carried over from the prior year, where the payment is authorized by Section 25 of the State Finance Act. For any budgeted fund for which expenditures are expected to exceed revenues in the current fiscal year, the deficit shall be considered as a use of funds in the budgeted fiscal year.

Revenues and expenditures shall also include transfers between funds that are based on revenues received or costs incurred during the budget year.”

The State has not presented revenue and expenditure estimates in accordance with these provisions.

The State’s General Fund has a perspective difference for financial reporting as the General Fund reported for financial reporting purposes includes amounts which are reported as a part of the State’s Special State Funds as classified for budgetary purposes.

The Budgetary Comparison Schedule – Major Governmental Funds presents the original legally adopted budget, as well as comparisons of the final legally adopted budget with actual data on a budgetary basis for the State’s major governmental funds: the General Fund, the Road Fund, and the School Construction Account.

The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for all funds of the State with annual budgets as classified for budgetary purposes. Those schedules only include the final appropriated budget.

#### **B. Budgetary-GAAP Reporting Reconciliation**

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2008 is presented below for the major governmental funds (amounts expressed in thousands):

Table 1-1 (amounts expressed in thousands)			
	<b>MAJOR GOVERNMENTAL FUNDS</b>		
	<b>General Fund</b>		<b>State Construction Account</b>
	<b>General Fund</b>	<b>Road Fund</b>	
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (699,643)	\$ (30,010)	\$ 212,972
Reclassifications:			
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	(167,838)	--	--
Adjustments:			
To adjust revenues, related receivables and deferred revenue	139,750	26,988	(17,296)
To adjust expenditures and related liabilities	951,287	(80,044)	(54,294)
To adjust for lapse period expenditures which were not recorded as liabilities	17,052	(32)	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	240,608	(83,098)	141,382
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(47)	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<b>\$ 240,561</b>	<b>\$ (83,098)</b>	<b>\$ 141,382</b>

**Required Supplementary Information****Defined Benefit Pension Plans – Schedule of Funding Progress**

(Unaudited)

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' retirement systems is provided for fiscal years ended June 30, 2006, 2007 and 2008.

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
General Assembly						
6/30/2006	\$ 82,255	\$ 221,713	\$ 139,458	37.1%	\$ 12,739	1094.7%
6/30/2007	\$ 87,182	\$ 231,914	\$ 144,732	37.6%	\$ 12,701	1139.5%
6/30/2008	\$ 75,406	\$ 235,780	\$ 160,374	32.0%	\$ 12,871	1246.0%
Judges'						
6/30/2006	\$ 599,234	\$ 1,291,395	\$ 692,161	46.4%	\$ 135,400	511.2%
6/30/2007	\$ 670,091	\$ 1,385,340	\$ 715,249	48.4%	\$ 142,900	500.5%
6/30/2008	\$ 612,681	\$ 1,457,336	\$ 844,655	42.0%	\$ 143,700	587.8%
State Employees'						
6/30/2006	\$ 10,899,853	\$ 20,874,542	\$ 9,974,689	52.2%	\$ 3,572,541	279.2%
6/30/2007	\$ 12,078,909	\$ 22,280,917	\$ 10,202,008	54.2%	\$ 3,762,777	271.1%
6/30/2008	\$ 10,995,366	\$ 23,841,280	\$ 12,845,914	46.1%	\$ 3,967,704	323.8%
Teachers'						
6/30/2006	\$ 36,584,889	\$ 58,996,913	\$ 22,412,024	62.0%	\$ 7,765,752	288.6%
6/30/2007	\$ 41,909,318	\$ 65,648,395	\$ 23,739,077	63.8%	\$ 8,149,849	291.3%
6/30/2008	\$ 38,430,723	\$ 68,632,367	\$ 30,201,644	56.0%	\$ 8,521,717	354.4%
State Universities						
6/30/2006	\$ 14,175,147	\$ 21,688,935	\$ 7,513,788	65.4%	\$ 3,054,100	246.0%
6/30/2007	\$ 15,985,730	\$ 23,362,079	\$ 7,376,349	68.4%	\$ 3,180,985	231.9%
6/30/2008	\$ 14,586,325	\$ 24,917,677	\$ 10,331,352	58.5%	\$ 3,303,220	312.8%

**Defined Benefit Other Postemployment Benefit Plans – Schedule of Funding Progress**

(Unaudited)

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' other postemployment retirement benefits (health, dental, vision, and life insurance) is provided for fiscal year ended June 30, 2008.

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
6/30/2007	\$ -	\$ 23,890,383	\$ 23,890,383	0.0%	\$ 6,872,740	347.6%

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## **GENERAL FUND**

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund.

### **SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS**

General Revenue Account--to account for resources obtained and used which are not required to be accounted for in another fund or account.

Education Assistance Account--to provide funding for elementary and secondary education programs and for higher education programs.

Common School Account--to provide funding for elementary and secondary education agencies including General State Aid, School District Consolidation Incentives and operational funding of Educational Services Regions.

University of Illinois Hospital Services Account--to provide medical services at the University of Illinois Hospital.

County Hospital Services Account--to provide for medical services at Cook County hospitals.

Long-Term Care Provider Account--to provide for medical services at long-term health care centers.

State of Illinois

Combining Schedule of Accounts

General Fund

June 30, 2008 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 1,044,574	\$ 86,440	\$ 58,697	\$ 52,054		\$ 1,241,765
Cash and cash equivalents	2,312					2,312
Receivables, net						
Taxes	783,098	23,577	103,873	2,938		913,486
Intergovernmental	1,177,904			248,725		1,426,629
Other	159,110		49	113		159,272
Due from other funds	44,615	25,033		28	\$ (12,875)	56,801
Due from component units	745		6	24,425		25,176
Inventories	27,599					27,599
Loans and notes receivable, net	12,761					12,761
Other assets	15,000					15,000
<b>Total assets</b>	<b>\$ 3,267,718</b>	<b>\$ 135,050</b>	<b>\$ 162,625</b>	<b>\$ 328,283</b>	<b>\$ (12,875)</b>	<b>\$ 3,880,801</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,717,927	\$ 5,420	\$ 52,369	\$ 80,309		\$ 3,856,025
Intergovernmental payables	1,918,833	4,297		188,371		2,111,501
Due to other funds	723,608	209	74,333	12,882	\$ (12,875)	798,157
Due to component units	54,542	30	23	47,135		101,730
Unavailable revenue	449,481	4,176	6,073	116,742		576,472
Unearned revenue	339,100	31,609				370,709
Matured portion of long-term liabilities	528					528
<b>Total liabilities</b>	<b>7,204,019</b>	<b>45,741</b>	<b>132,798</b>	<b>445,439</b>	<b>(12,875)</b>	<b>7,815,122</b>
<b>FUND BALANCES</b>						
Reserved for:						
Encumbrances	17,386			9,553		26,939
Long-term portion of loans and notes receivable	12,597					12,597
Inventories	27,599					27,599
Unreserved	(3,993,883)	89,309	29,827	(126,709)		(4,001,456)
<b>Total fund balances (deficits)</b>	<b>(3,936,301)</b>	<b>89,309</b>	<b>29,827</b>	<b>(117,156)</b>		<b>(3,934,321)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,267,718</b>	<b>\$ 135,050</b>	<b>\$ 162,625</b>	<b>\$ 328,283</b>	<b>\$ (12,875)</b>	<b>\$ 3,880,801</b>

**State of Illinois**

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
General Fund**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
<b>REVENUES</b>						
Income taxes	\$ 11,368,149	\$ 891,662				\$ 12,259,811
Sales taxes	5,598,443		\$ 1,824,554			7,422,997
Public utility taxes	1,083,357		114,194			1,197,551
Hospital assessment taxes	1,466,910			\$ 71,327		1,538,237
Other taxes	1,338,255		176,715	202,719		1,717,689
Federal government	6,203,551			1,221,626		7,425,177
Licenses and fees	274,522		648	488		275,658
Interest and other investment income	204,695		1,121	3,495		209,311
Other	394,187	1,025		801,954		1,197,166
<b>Total revenues</b>	<b>27,932,069</b>	<b>892,687</b>	<b>2,117,232</b>	<b>2,301,609</b>		<b>33,243,597</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	14,600,699			2,356,891		16,957,590
Education	4,987,060	1,743,813	4,107,832			10,838,705
General government	812,919					812,919
Employment and economic development	167,940					167,940
Transportation	119,858					119,858
Public protection and justice	2,200,386					2,200,386
Environment and business regulations	138,237					138,237
Debt service:						
Principal	2,025					2,025
Interest	1,089					1,089
Capital outlays	8,174					8,174
<b>Total expenditures</b>	<b>23,038,387</b>	<b>1,743,813</b>	<b>4,107,832</b>	<b>2,356,891</b>		<b>31,246,923</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,893,682</b>	<b>(851,126)</b>	<b>(1,990,600)</b>	<b>(55,282)</b>		<b>1,996,674</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	2,781,136	586,855	3,808,916	104,700	\$ (3,298,168)	3,983,439
Transfers-out	(7,185,309)		(1,826,930)	(26,710)	3,298,168	(5,740,781)
Capital lease financing	1,229					1,229
<b>Net other sources (uses) of financial resources</b>	<b>(4,402,944)</b>	<b>586,855</b>	<b>1,981,986</b>	<b>77,990</b>	<b>-- --</b>	<b>(1,756,113)</b>
<b>Net change in fund balances</b>	<b>490,738</b>	<b>(264,271)</b>	<b>(8,614)</b>	<b>22,708</b>	<b>-- --</b>	<b>240,561</b>
Fund balances (deficits), July 1, 2007, as restated	(4,423,283)	353,580	38,441	(139,864)		(4,171,126)
(Decrease) for changes in inventories	(3,756)					(3,756)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (3,936,301)</b>	<b>\$ 89,309</b>	<b>\$ 29,827</b>	<b>\$ (117,156)</b>	<b>\$ -- --</b>	<b>\$ (3,934,321)</b>

State of Illinois

Combining Schedule of Accounts - General Fund  
Medicaid Provider Assessment Program

June 30, 2008 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 926	\$ 9,089	\$ 38,504	\$ 3,535	\$ 52,054
Receivables, net					
Taxes			2,579	359	2,938
Intergovernmental	34,650	154,804	53,020	6,251	248,725
Other		19	44	50	113
Due from other funds			28		28
Due from component units	24,425				24,425
<b>Total assets</b>	<b>\$ 60,001</b>	<b>\$ 163,912</b>	<b>\$ 94,175</b>	<b>\$ 10,195</b>	<b>\$ 328,283</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities			\$ 69,703	\$ 10,606	\$ 80,309
Intergovernmental payables		\$ 163,912	24,459		188,371
Due to other funds	\$ 12,866		13	3	12,882
Due to component units	47,135				47,135
Unavailable revenue	21,997	89,137	148	5,460	116,742
<b>Total liabilities</b>	<b>81,998</b>	<b>253,049</b>	<b>94,323</b>	<b>16,069</b>	<b>445,439</b>
<b>FUND BALANCES</b>					
Reserved for encumbrances			9,553		9,553
Unreserved	(21,997)	(89,137)	(9,701)	(5,874)	(126,709)
<b>Total fund balances (deficits)</b>	<b>(21,997)</b>	<b>(89,137)</b>	<b>(148)</b>	<b>(5,874)</b>	<b>(117,156)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 60,001</b>	<b>\$ 163,912</b>	<b>\$ 94,175</b>	<b>\$ 10,195</b>	<b>\$ 328,283</b>



**State of Illinois**

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances - General Fund  
Medicaid Provider Assessment Program**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>REVENUES</b>					
Hospital assessment taxes			\$ 51,655	\$ 19,672	\$ 71,327
Other taxes			202,719		202,719
Federal government	\$ 154,089	\$ 657,951	389,469	20,117	1,221,626
Licenses and fees				488	488
Interest and other investment income		420	2,870	205	3,495
Other	93,403	664,947	43,604		801,954
<b>Total revenues</b>	<b>247,492</b>	<b>1,323,318</b>	<b>690,317</b>	<b>40,482</b>	<b>2,301,609</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	263,683	1,337,666	710,017	45,525	2,356,891
<b>Total expenditures</b>	<b>263,683</b>	<b>1,337,666</b>	<b>710,017</b>	<b>45,525</b>	<b>2,356,891</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(16,191)</b>	<b>(14,348)</b>	<b>(19,700)</b>	<b>(5,043)</b>	<b>(55,282)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfers-in	44,700		60,000		104,700
Transfers-out	(26,710)				(26,710)
<b>Net other sources (uses) of financial resources</b>	<b>17,990</b>		<b>60,000</b>		<b>77,990</b>
<b>Net change in fund balances</b>	<b>1,799</b>	<b>(14,348)</b>	<b>40,300</b>	<b>(5,043)</b>	<b>22,708</b>
Fund balances (deficits), July 1, 2007	(23,796)	(74,789)	(40,448)	(831)	(139,864)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (21,997)</b>	<b>\$ (89,137)</b>	<b>\$ (148)</b>	<b>\$ (5,874)</b>	<b>\$ (117,156)</b>

*State of Illinois*

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

June 30, 2008 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 2,755,393	\$ 646,006	\$ 92,712	\$ 1,132	\$ 3,495,243
Cash and cash equivalents	23,542	139,741	7,961	202	171,446
Investments	24,446	51,412		1,290	77,148
Receivables, net:					
Taxes	392,395				392,395
Intergovernmental	694,323		432		694,755
Other	296,326	2,027	9	2	298,364
Due from other funds	390,823	10,376	2,405		403,604
Due from component units	346,461				346,461
Inventories	15,702				15,702
Loans and notes receivable, net	50,207	17,061			67,268
Other assets	8,091				8,091
<b>Total assets</b>	<b>\$ 4,997,709</b>	<b>\$ 866,623</b>	<b>\$ 103,519</b>	<b>\$ 2,626</b>	<b>\$ 5,970,477</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 451,168		\$ 35,526		\$ 486,694
Intergovernmental payables	1,586,173		10,724		1,596,897
Due to other funds	294,017	\$ 149	648	\$ 287	295,101
Due to component units	27,957		328		28,285
Unavailable revenue	373,878				373,878
Unearned revenue	249,190		9,907		259,097
<b>Total liabilities</b>	<b>2,982,383</b>	<b>149</b>	<b>57,133</b>	<b>287</b>	<b>3,039,952</b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	13,346		138		13,484
Long-term portion of:					
Loans and notes receivable	44,574	15,859			60,433
Due from State of Illinois component units	345,734				345,734
Inventories	15,702				15,702
Other purposes	10,848			1,091	11,939
Unreserved:					
Designated for reappropriated accounts	35,118		47,116		82,234
Undesignated	1,550,004	850,615	(868)	1,248	2,400,999
<b>Total fund balances</b>	<b>2,015,326</b>	<b>866,474</b>	<b>46,386</b>	<b>2,339</b>	<b>2,930,525</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,997,709</b>	<b>\$ 866,623</b>	<b>\$ 103,519</b>	<b>\$ 2,626</b>	<b>\$ 5,970,477</b>

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Income taxes	\$ 1,286,214				\$ 1,286,214
Sales taxes	2,719,101				2,719,101
Motor fuel taxes	1,410,656				1,410,656
Public utility taxes	498,084				498,084
Riverboat taxes	696,835				696,835
Other taxes	383,224				383,224
Federal government	6,401,228		\$ 19,038		6,420,266
Licenses and fees	523,667	\$ 188			523,855
Interest and other investment income	32,914	45,130	38	\$ 218	78,300
Other	866,649		7,088	2	873,739
<b>Total revenues</b>	<b>14,818,572</b>	<b>45,318</b>	<b>26,164</b>	<b>220</b>	<b>14,890,274</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	4,227,818			43	4,227,861
Education	2,315,245		101,578		2,416,823
General government	297,284	124	22,982		320,390
Employment and economic development	638,198	26	5,477		643,701
Transportation	1,227,807		63,701		1,291,508
Public protection and justice	358,726		3		358,729
Environment and business regulation	637,568		16,233		653,801
Debt service:					
Principal	1,174	933,900			935,074
Interest	169	1,099,180			1,099,349
Capital outlays	27,883		91,842		119,725
Intergovernmental	5,139,754				5,139,754
<b>Total expenditures</b>	<b>14,871,626</b>	<b>2,033,230</b>	<b>301,816</b>	<b>43</b>	<b>17,206,715</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(53,054)</b>	<b>(1,987,912)</b>	<b>(275,652)</b>	<b>177</b>	<b>(2,316,441)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General obligation bonds issued			175,000		175,000
Premiums on general obligation bonds issued			6,724		6,724
Transfers-in	2,863,982	4,439,072	28,845		7,331,899
Transfers-out	(2,732,175)	(2,435,944)	(32,679)	(84)	(5,200,882)
Capital lease financing	391				391
<b>Net other sources (uses) of financial resources</b>	<b>132,198</b>	<b>2,003,128</b>	<b>177,890</b>	<b>(84)</b>	<b>2,313,132</b>
<b>Net change in fund balances</b>	<b>79,144</b>	<b>15,216</b>	<b>(97,762)</b>	<b>93</b>	<b>(3,309)</b>
Fund balances, July 1, 2007, as restated (Decrease) for changes in inventories	1,947,669 (11,487)	851,258	144,148	2,246	2,945,321 (11,487)
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 2,015,326</b>	<b>\$ 866,474</b>	<b>\$ 46,386</b>	<b>\$ 2,339</b>	<b>\$ 2,930,525</b>

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## SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

### SIGNIFICANT NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

#### Supreme Court

Mandatory Arbitration Unclaimed Fund--to receive and record monies received from countries charging fees for the filing of the first pleading, paper, or other appearance filed by each party in all civil cases.

#### Attorney General

Attorney General Court Order and Voluntary Compliance Payments Project Fund--to receive and record monies obtained from payments to the Attorney General for the operations of the Office. Monies in the Fund may be expended for purposes relating to the exercise of the duties of the Attorney General and public education programs; however, any monies in the Fund that are required by the court or by an agreement to be used for a particular purpose shall be used for that purpose.

#### Treasurer

Unclaimed Property Trust Fund--to account for monies received as abandoned property or from the sale of abandoned property pursuant to the Uniform Disposition of Unclaimed Property Act.

Tobacco Settlement Recovery Fund--to account for monies received annually as a part of the Master Settlement Agreement in the State of Illinois vs. Philip Morris.

#### Department of Commerce and Economic Opportunity

Renewable Energy Resources Trust Fund--to receive and record monies obtained from charges imposed on participating municipal electric utilities and cooperatives used for grants, loans or other incentives for fostering investment in and the development and use of renewable energy resources.

Fund for Illinois' Future--to account for grants and expenditures for planning, engineering, acquisition, construction, reconstruction, development, improvement, and extension of public infrastructure in the State of Illinois.

Tourism Promotion Fund--to provide assistance for the promotion and marketing of local tourist attractions and services throughout the State.

Intra-Agency Services Fund--to account for monies received as indirect cost reimbursements from federal programs for general administration by the Department of Commerce and Economic Opportunity.

Job Training Partnership Fund--to aid the disadvantaged and dislocated workers in the development of skills to fulfill the need of local firms at no cost or reduced cost to those firms.

Build Illinois Capital Revolving Loan Fund--to finance intermediary agreements, administration, technical assistance agreements, loans, grants and investments through the Build Illinois Act.

Public Infrastructure Construction Loan Revolving Fund--to provide loans and grants to local governments to assist in financing the cost of acquisition, construction, reconstruction, replacement, repair, or improvement of public infrastructure.

#### Department of Natural Resources

Wildlife and Fish Fund--to manage revenues from licenses, permits, fees, fines and other income from hunting and fishing activities to be used to maintain, acquire and preserve land for wildlife and fishing activities.

Natural Areas Acquisition Fund--to receive and record 20% of the monies obtained pursuant to the Real Estate Transfer Tax Act to be used for the acquisition, preservation and stewardship of natural areas.

Open Space Lands Acquisition and Development Fund--to receive deposits from monies collected under the Real Estate Transfer Tax Act to be transferred, appropriated and used only for the purposes authorized by the Open Space Lands Acquisition and Development Act.

**Department of Employment Security**

Title III Social Security and Employment Services Fund--to account for monies received from the federal government for the specific purpose of administering the Unemployment Compensation Act.

Unemployment Compensation Special Administration Fund--to account for collections of interest and penalties from employers and judgment interest from claimants as provided by law for the administration of the Unemployment Compensation Act or for transfer to the Unemployment Compensation Trust Fund.

**Department of Financial and Professional Regulation**

General Professions Dedicated Fund--to receive and record fees and fines collected by the Department of Financial and Professional Regulation for various professions.

State Pensions Fund--to account for receipts from the sale of abandoned property. Expenditures are primarily to the various State retirement systems for the reduction of the accrued actuarial unfunded liability.

Illinois State Medical Disciplinary Fund--to deposit monies received by the Department of Financial and Professional Regulation as license renewal fees under Section 14 of the Medical Practice Act for use by the Medical Disciplinary Board and for costs of the Department of Financial and Professional Regulation in administering the Act.

Credit Union Fund--to record all fees collected under the Illinois Credit Union Act by the Department of Financial and Professional Regulation to offset the costs of administering the Act.

Savings and Residential Finance Regulatory Fund--to account for fees collected and expenditures in administering the Illinois Savings and Loan Act.

Real Estate License Administration Fund--to account for fees collected and expenditures in administering the Real Estate License Act of 2000.

Insurance Financial Regulation Fund--to account for fees collected and expenditures in administering financial regulation in accordance with the Illinois Insurance Code.

**Department of Human Services**

Mental Health Fund--to help finance the advancement of mental health facilities and services in the State of Illinois.

Vocational Rehabilitation Fund--to account for federal monies or grants from private or public sources for vocational rehabilitation.

DHS Special Purposes Trust Fund--to receive and disburse federal grants, gifts and legacies not elsewhere designated by statute to be deposited and disbursed.

Early Intervention Services Revolving Fund--to provide coordinated, comprehensive, inter-disciplinary services to enforce the growth and development of children from birth through 36 months of age who have disabilities and/or developmental delays.

USDA Women, Infants and Children Fund--to administer the federal Supplemental Food Program for Women, Infants and Children.

Food Stamp and Commodity Fund--to account for food stamps and commodities received from the federal government.

**Department of Healthcare and Family Services**

Supplemental Low Income Energy Assistance Fund--to provide assistance to low-income households in paying heating and cooling costs.

Child Support Administration Fund--to receive and record fees related to the administration of the Child Support Enforcement Program.

Low Income Home Energy Assistance Block Grant Fund--to provide assistance to low-income households in paying heating and cooling costs through the Low Income Home Energy Assistance Block Grant.

**Department of Revenue**

State Gaming Fund--to receive and record fees obtained from owners' license applications for riverboat gambling operations.

Rental Housing Support Program Fund--to record monies received from surcharge fees for the recording of real estate-related documents to provide subsidies to landlords to enable the charging of rent affordable to low-income tenants and to provide grants for affordable housing developments.

State and Local Sales Tax Reform Fund--to record proceeds from the 1% use tax on food and drugs and 20% of the proceeds from the 6.25% sales tax.

County and Mass Transit District Fund--to record 4% of the proceeds from a 6.25% Retailers' and Service Occupation tax.

Local Government Tax Fund--to account for 15% share of various sales taxes that will be distributed to cities and counties.

Illinois Affordable Housing Trust Fund--to account for a portion of the State real estate transfer tax used for grants and low or no interest mortgages or other loans to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and multi-family housing for low-income households.

Horse Racing Equity Trust Fund--to receive and record fees obtained from owners' license applications for riverboat gambling operations to be disbursed 60% for horse racing purses and 40% for horse racing promotional activities.

Local Government Distributive Fund--to receive 1/10<sup>th</sup> of the State's income tax collections to distribute to various municipalities and counties within the State.

Personal Property Tax Replacement Fund--to allocate and disburse to each taxing district within the State the net revenue received from the personal property replacement income tax.

Build Illinois Fund--to receive a percentage of sales, hotel and privilege taxes to be used for monthly allocation to various State agencies for the purpose of promoting tourism related activities.

**Department of Transportation**

Motor Fuel Tax Fund--to account for the activities of various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties, and road districts.

Federal/Local Airport Fund--to receive and manage federal funds for airport construction.

State Rail Freight Loan Repayment Fund--to receive and record repayments of loans of State funds made by the Illinois Department of Transportation to railroads, units of local government, rail users, owners, and lessees of railroad right of ways to rehabilitate, improve or construct rail facilities.

Public Transportation Fund--to receive monthly transfers from the General Revenue Account in the General Fund representing statutory shares under various sales tax acts and distribute to the Regional Transportation Authority pursuant to a statutory formula.

Downstate Public Transportation Fund--to provide financial assistance for local governments with public transportation systems.

**Department of Children and Family Services**

DCFS Childrens' Services Fund--to account for revenues and expenditures related to the federal Title IV-E foster care and adoption service program.

**Illinois Power Agency**

Illinois Power Agency Trust Fund--to account for the operations of the Illinois Power Agency.

**Department of Public Health**

Public Health Services Fund--to account for funds received from the federal government for various federal project awards.

**Illinois Commerce Commission**

Public Utility Fund--to record a portion of taxes assessed by the Public Utility Act to be spent on the operations of the Illinois Commerce Commission.

Wireless Carrier Reimbursement Fund--to receive one-third of the wireless carrier surcharge assessed monthly to wireless telephone service subscribers to reimburse wireless telephone service carriers for the installation of the equipment necessary to provide enhanced emergency calling services to subscribers.

#### **Environmental Protection Agency**

Clean Air Act (CAA) Permit Fund--to account for fees collected and expenditures associated with the State's Clean Air Permit Program.

Illinois Clean Water Fund--to account for fees received from water quality certifications required by the Federal Clean Water Act and from National Pollutant Discharge Elimination System permits as regulated by the Federal Water Pollution Control Act and for use in the regulation of the Acts.

Hazardous Waste Fund--to receive fees collected from the owners or operators of hazardous waste disposal sites and from responsible parties for hazardous waste cleanups and for penalties assessed in cases related to hazardous waste cleanups.

#### **State Board of Education**

Drivers Education Fund--to account for monies used to reimburse school districts for each pupil completing a driver education course that meets the minimum requirements of the Driver Education Act.

SBE Federal Department of Agriculture Fund--to account for the federal share of nutrition programs which provide nutritious meals for children and aging adults.

SBE Federal Department of Education Fund--to receive and disburse federal monies to provide financial assistance for educational programs funded by the U.S. Department of Education.

#### **Office of the State Fire Marshal**

Fire Prevention Fund--to account for assessments on insurance companies offering fire insurance and fees from boiler and pressure vessel certifications to be used for fire safety and education programs.

Underground Storage Tank Fund--to record underground storage tank registration fees collected by the State Fire Marshal expended for the purposes of the Leaking Underground Storage Tank program.

#### **Capital Development Board**

School Infrastructure Fund--to receive and record one-half of monies obtained from a telecommunication tax in accordance with the Telecommunications Excise Tax Act as amended. Monies in the Fund may be expended for the purpose of discharging the principal and interest on bond indebtedness for construction of school improvements, making payments to the School Technology Revolving Loan Fund and grants for school construction projects.

#### **Criminal Justice Information Authority**

Criminal Justice Trust Fund--to account for funds received for the implementation of the Omnibus Crime Control and Safe Streets Act of 1968.

#### **Workers' Compensation Commission**

Illinois Workers' Compensation Commission Operations Fund--to receive and record surcharges on workers' compensation premiums paid by employers to be spent for operations of the Workers' Compensation Commission.

#### **Metropolitan Fair and Exposition Authority**

Metropolitan and Exposition Auditorium and Office Building Fund--to account for transfers of portions of tax monies received pursuant to the Illinois Horse Racing Act from the General Revenue Account of the General Fund which are to be disbursed or transferred to other State funds based on acceptance of qualifying grant applications.

#### **State Board of Elections**

Help Illinois Vote Fund--to account for funds received for the implementation of the Federal Help America Vote Act of 2002.

#### **Emergency Management Agency**

Federal Civil Preparedness Administrative Fund--to account for the federal grants received by the State for terrorism preparedness and training programs.



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**State of Illinois**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

June 30, 2008 (Expressed in Thousands)

	Supreme Court	Attorney General					
		Attorney General Court Order and Voluntary Compliance Payments Project Fund	Treasurer	Commerce and Economic Opportunity	Natural Resources	Employment Security	
	Mandatory Arbitration Fund						
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 13,605	\$ 16,466	\$ 116,522	\$ 76,910	\$ 135,158	\$ 25,229	
Cash and cash equivalents					36	5	
Investments				2,870			
Receivables, net							
Taxes							
Intergovernmental	660		39,549	31,356	4,861	16,443	
Other		191	176,053	1,165	2,303	43	
Due from other funds			9	26,269		4,408	
Due from component units							
Inventories					1,980	1,015	
Loans and notes receivable, net				17,222			
Other assets				7,971			
<b>Total assets</b>	<b>\$ 14,265</b>	<b>\$ 16,657</b>	<b>\$ 332,133</b>	<b>\$ 163,763</b>	<b>\$ 144,338</b>	<b>\$ 47,143</b>	
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 131	\$ 118	\$ 49,741	\$ 9,711	\$ 3,920	\$ 6,589	
Intergovernmental payables			1,676	12,905	71	300	
Due to other funds	16	36	568	11,047	725	5,962	
Due to component units			63	1,087	1,424		
Unavailable revenue			156,284	10,679	4,284		
Unearned revenue				2,802	47		
<b>Total liabilities</b>	<b>147</b>	<b>154</b>	<b>208,332</b>	<b>48,231</b>	<b>10,471</b>	<b>12,851</b>	
<b>FUND BALANCES</b>							
Reserved for:							
Encumbrances	3	15	243	978	1,004	2	
Long-term portion of:							
Loans and notes receivable				15,976			
Due from State of Illinois component units							
Inventories					1,980	1,015	
Other				7,971			
Unreserved:							
Designated for other					26,721		
Undesignated	14,115	16,488	123,558	90,607	104,162	33,275	
<b>Total fund balances (deficits)</b>	<b>14,118</b>	<b>16,503</b>	<b>123,801</b>	<b>115,532</b>	<b>133,867</b>	<b>34,292</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 14,265</b>	<b>\$ 16,657</b>	<b>\$ 332,133</b>	<b>\$ 163,763</b>	<b>\$ 144,338</b>	<b>\$ 47,143</b>	

Financial and Professional Regulation	Human Services	Healthcare and Family Services	Revenue	Transportation	Other Departments	Illinois Commerce Commission	Environmental Protection Agency
\$ 270,905	\$ 72,395 1,671	\$ 65,959	\$ 872,346	\$ 202,681	\$ 30,959 326	\$ 39,945	\$ 35,279
	179	7,295	204,743	118,100		1,031	
	29,048	19,894		40,645	92,060	274	
19,122	15,880	12,810	306	21	83	5,500	30,758
	3,901	827	251,411	50,516	1,875		9,114
			345,734		6		
					1,449		
				20,412			
	86						
\$ 290,027	\$ 123,160	\$ 106,785	\$ 1,674,540	\$ 432,375	\$ 126,758	\$ 46,750	\$ 75,151
\$ 1,434	\$ 53,019	\$ 17,406	\$ 41,496	\$ 32,998	\$ 80,084	\$ 3,215	\$ 442
59	4,103	17,015	905,671	237,605	9,654	44	25
15	4,470	6,393	102,478	96,276	814	627	285
	3,808		104		10,995		1
691	8,146	107	22,941	39,937	20,555	276	20,293
	22,416		140,047	3,394			
2,199	95,962	40,921	1,212,737	410,210	122,102	4,162	21,046
112		5	234		404	124	255
				19,531			
			345,734				
					1,449		
				4,686			
287,716	27,198	65,859	115,835	(2,052)	2,803	42,464	53,850
287,828	27,198	65,864	461,803	22,165	4,656	42,588	54,105
\$ 290,027	\$ 123,160	\$ 106,785	\$ 1,674,540	\$ 432,375	\$ 126,758	\$ 46,750	\$ 75,151

*State of Illinois*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

June 30, 2008 (Expressed in Thousands)

(continued)

	State Board of Education	Office of the State Fire Marshal	Other Agencies, Boards and Authorities	Other	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 4,172	\$ 31,961	\$ 135,657	\$ 609,244	\$ 2,755,393
Cash and cash equivalents				21,504	23,542
Investments				21,576	24,446
Receivables, net					
Taxes		6,525	40,741	13,781	392,395
Intergovernmental	301,995	6	27,219	90,313	694,323
Other	45	716	98	31,232	296,326
Due from other funds	745	4	3,739	38,005	390,823
Due from component units	245	7		469	346,461
Inventories	444			10,814	15,702
Loans and notes receivable, net				12,573	50,207
Other assets				34	8,091
<b>Total assets</b>	<b>\$ 307,646</b>	<b>\$ 39,219</b>	<b>\$ 207,454</b>	<b>\$ 849,545</b>	<b>\$ 4,997,709</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 10,492	\$ 3,668	\$ 9,478	\$ 127,226	\$ 451,168
Intergovernmental payables	295,752	2	28,244	73,047	1,586,173
Due to other funds	3,185	232	2,215	58,673	294,017
Due to component units	1,403	57	839	8,176	27,957
Unavailable revenue	11,042	567	34,474	43,602	373,878
Unearned revenue			45,739	34,745	249,190
<b>Total liabilities</b>	<b>321,874</b>	<b>4,526</b>	<b>120,989</b>	<b>345,469</b>	<b>2,982,383</b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances		329	318	9,320	13,346
Long-term portion of:					
Loans and notes receivable				9,067	44,574
Due from State of Illinois component units					345,734
Inventories	444			10,814	15,702
Other				2,877	10,848
Unreserved:					
Designated for other				3,711	35,118
Undesignated	(14,672)	34,364	86,147	468,287	1,550,004
<b>Total fund balances (deficits)</b>	<b>(14,228)</b>	<b>34,693</b>	<b>86,465</b>	<b>504,076</b>	<b>2,015,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 307,646</b>	<b>\$ 39,219</b>	<b>\$ 207,454</b>	<b>\$ 849,545</b>	<b>\$ 4,997,709</b>

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*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Supreme Court	Attorney General				
		Attorney General Court Order and Voluntary Compliance Payments Project Fund	Treasurer	Commerce and Economic Opportunity	Natural Resources	Employment Security
	Mandatory Arbitration Fund					
<b>REVENUES</b>						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Riverboat taxes						
Other taxes					\$ 38,352	
Federal government			\$ 247,960	\$ 156,125	9,904	\$ 177,692
Licenses and fees	\$ 6,993			5,262	34,853	12
Interest and other investment income			1,605	4,384	1,277	1,026
Other		\$ 9,627	476,063	835	4,182	1,913
<b>Total revenues</b>	<b>6,993</b>	<b>9,627</b>	<b>725,628</b>	<b>166,606</b>	<b>88,568</b>	<b>180,643</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services			502,576			
Education						
General government		2,890	861			
Employment and economic development				200,096		194,635
Transportation						
Public protection and justice	5,318			13		
Environment and business regulations			10		59,922	
Debt service:						
Principal						
Interest						
Capital outlays			187	86	6,276	58
Intergovernmental						
<b>Total expenditures</b>	<b>5,318</b>	<b>2,890</b>	<b>503,634</b>	<b>200,195</b>	<b>66,198</b>	<b>194,693</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,675</b>	<b>6,737</b>	<b>221,994</b>	<b>(33,589)</b>	<b>22,370</b>	<b>(14,050)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in			1,385	56,140		25,415
Transfers-out			(278,341)	(5,216)		(11,549)
Capital lease and installment purchase acquisitions						
<b>Net other sources (uses) of financial resources</b>			<b>(276,956)</b>	<b>50,924</b>		<b>13,866</b>
<b>Net change in fund balances</b>	<b>1,675</b>	<b>6,737</b>	<b>(54,962)</b>	<b>17,335</b>	<b>22,370</b>	<b>(184)</b>
Fund balances (deficits), July 1, 2007, as restated	12,443	9,766	178,763	98,197	111,641	34,816
(Decrease) for changes in inventories					(144)	(340)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 14,118</b>	<b>\$ 16,503</b>	<b>\$ 123,801</b>	<b>\$ 115,532</b>	<b>\$ 133,867</b>	<b>\$ 34,292</b>

Financial and Professional Regulation	Human Services	Healthcare and Family Services	Revenue	Transportation	Other Departments	Illinois Commerce Commission	Environmental Protection Agency
			\$ 1,286,214				
			2,698,081				
				\$ 1,336,736			
		\$ 101,432	208,941			\$ 34,903	
			696,835				
	\$ 1,391		208,503				
	2,208,298	249,585		90,624	\$ 550,047	485	
\$ 67,563	3,278		756	715		14,267	\$ 35,757
3,598	285		6,793	1,017	667		1,499
671	48,455	19,398	40,027	5,344	28,548		1,264
71,832	2,261,707	370,415	5,146,150	1,434,436	579,262	49,655	38,520
	2,335,987	397,221	12,810		563,373		
340,320							
6,542			71,183	75,273			
			30,410				
				1,152,676			
27,550						27,261	36,614
	19						
	2						
	485	271	70	81	659	473	189
			5,086,395	61			
374,412	2,336,493	397,492	5,200,868	1,228,091	564,032	27,734	36,803
(302,580)	(74,786)	(27,077)	(54,718)	206,345	15,230	21,921	1,717
263,986	72,112	31,914	1,492,668	475,468	2,250		2,000
(20,104)			(1,350,363)	(696,281)		(8,831)	(9,900)
243,882	72,112	31,914	142,305	(220,813)	2,250	(8,831)	(7,900)
(58,698)	(2,674)	4,837	87,587	(14,468)	17,480	13,090	(6,183)
346,526	29,872	61,027	374,216	36,633	(2,392)	29,498	60,288
					(10,432)		
\$ 287,828	\$ 27,198	\$ 65,864	\$ 461,803	\$ 22,165	\$ 4,656	\$ 42,588	\$ 54,105

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	State Board of Education	Office of the State Fire Marshal	Other Agencies, Boards and Authorities	Other	Total
<b>REVENUES</b>					
Income taxes				\$ 1,286,214	\$ 1,286,214
Sales taxes				2,719,101	2,719,101
Motor fuel taxes		\$ 73,919		1	1,410,656
Public utility taxes			\$ 101,194	51,614	498,084
Riverboat taxes					696,835
Other taxes		20,954	72,333	41,691	383,224
Federal government	\$ 1,886,329	43	126,755	697,381	6,401,228
Licenses and fees	12,000	3,992		338,219	523,667
Interest and other investment income			1,868	8,895	32,914
Other	6,578	72	182	223,490	866,649
<b>Total revenues</b>	<b>1,904,907</b>	<b>98,980</b>	<b>302,332</b>	<b>1,382,311</b>	<b>14,818,572</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services		1,110		414,741	4,227,818
Education	1,904,851	3,509	107	66,458	2,315,245
General government		1,123	2,620	136,792	297,284
Employment and economic development				213,057	638,198
Transportation			875	74,256	1,227,807
Public protection and justice		36,758	118,404	198,233	358,726
Environment and business regulations		57,972	21,254	406,985	637,568
Debt service:					
Principal	3	5	13	1,134	1,174
Interest		1	1	165	169
Capital outlays	19	381	649	17,999	27,883
Intergovernmental			4,829	48,469	5,139,754
<b>Total expenditures</b>	<b>1,904,873</b>	<b>100,859</b>	<b>148,752</b>	<b>1,578,289</b>	<b>14,871,626</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>34</b>	<b>(1,879)</b>	<b>153,580</b>	<b>(195,978)</b>	<b>(53,054)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
Transfers-in			105,819	334,825	2,863,982
Transfers-out	(720)	(16,211)	(250,802)	(83,857)	(2,732,175)
Capital lease and installment purchase acquisitions			23	368	391
<b>Net other sources (uses) of financial resources</b>	<b>(720)</b>	<b>(16,211)</b>	<b>(144,960)</b>	<b>251,336</b>	<b>132,198</b>
<b>Net change in fund balances</b>	<b>(686)</b>	<b>(18,090)</b>	<b>8,620</b>	<b>55,358</b>	<b>79,144</b>
Fund balances (deficits), July 1, 2007, as restated	(13,126)	52,783	77,845	448,873	1,947,669
(Decrease) for changes in inventories	(416)			(155)	(11,487)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (14,228)</b>	<b>\$ 34,693</b>	<b>\$ 86,465</b>	<b>\$ 504,076</b>	<b>\$ 2,015,326</b>



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*State of Illinois***Combining Balance Sheet - Nonmajor Special Revenue Funds****Treasurer**

June 30, 2008 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 48,168	\$ 68,354	\$ 116,522
Receivables, net			
Intergovernmental		39,549	39,549
Other		176,053	176,053
Due from other funds		9	9
<b>Total assets</b>	<b>\$ 48,168</b>	<b>\$ 283,965</b>	<b>\$ 332,133</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2	\$ 49,739	\$ 49,741
Intergovernmental payables		1,676	1,676
Due to other funds		568	568
Due to component units		63	63
Unavailable revenue		156,284	156,284
<b>Total liabilities</b>	<b>2</b>	<b>208,330</b>	<b>208,332</b>
<b>FUND BALANCES</b>			
Reserved for encumbrances		243	243
Unreserved	48,166	75,392	123,558
<b>Total fund balances</b>	<b>48,166</b>	<b>75,635</b>	<b>123,801</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,168</b>	<b>\$ 283,965</b>	<b>\$ 332,133</b>

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Treasurer**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>REVENUES</b>			
Federal government		\$ 247,960	\$ 247,960
Interest and other investment income		1,605	1,605
Other	\$ 166,058	310,005	476,063
<b>Total revenues</b>	<b>166,058</b>	<b>559,570</b>	<b>725,628</b>
<b>EXPENDITURES</b>			
Current:			
Health and social services		502,576	502,576
General government		861	861
Environment and business regulations		10	10
Capital outlays		187	187
<b>Total expenditures</b>		<b>503,634</b>	<b>503,634</b>
<b>Excess of revenues over expenditures</b>	<b>166,058</b>	<b>55,936</b>	<b>221,994</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	1,385		1,385
Transfers-out	(264,541)	(13,800)	(278,341)
<b>Net other sources (uses) of financial resources</b>	<b>(263,156)</b>	<b>(13,800)</b>	<b>(276,956)</b>
<b>Net change in fund balances</b>	<b>(97,098)</b>	<b>42,136</b>	<b>(54,962)</b>
Fund balances, July 1, 2007	145,264	33,499	178,763
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 48,166</b>	<b>\$ 75,635</b>	<b>\$ 123,801</b>

*State of Illinois*

**Combining Balance Sheet - Nonmajor Special Revenue Funds**

**Commerce and Economic Opportunity**

June 30, 2008 (Expressed in Thousands)

	Renewable Energy Resources Trust Fund	Fund For Illinois' Future	Tourism Promotion Fund	Intra-Agency Services Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 17,912	\$ 14,588	\$ 28,652	\$ 411	\$ 318	\$ 10,820
Investments						2,870
Receivables, net						
Intergovernmental					31,356	
Other	458	9				46
Due from other funds			12,336	13,933		
Loans and notes receivable, net						2,118
Other assets						7,971
<b>Total assets</b>	<b>\$ 18,370</b>	<b>\$ 14,597</b>	<b>\$ 40,988</b>	<b>\$ 14,344</b>	<b>\$ 31,674</b>	<b>\$ 23,825</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 280		\$ 4,111	\$ 225	\$ 4,915	\$ 174
Intergovernmental payables	11		515	9	12,369	1
Due to other funds	7		64	287	10,679	8
Due to component units	250		16		821	
Unavailable revenue					10,220	22
Unearned revenue					2,802	
<b>Total liabilities</b>	<b>548</b>		<b>4,706</b>	<b>521</b>	<b>41,806</b>	<b>205</b>
<b>FUND BALANCES</b>						
Reserved for:						
Encumbrances	46		260	50	120	502
Long-term portion of loans and notes receivable						872
Other						7,971
Unreserved	17,776	\$ 14,597	36,022	13,773	(10,252)	14,275
<b>Total fund balances (deficits)</b>	<b>17,822</b>	<b>14,597</b>	<b>36,282</b>	<b>13,823</b>	<b>(10,132)</b>	<b>23,620</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,370</b>	<b>\$ 14,597</b>	<b>\$ 40,988</b>	<b>\$ 14,344</b>	<b>\$ 31,674</b>	<b>\$ 23,825</b>

Public Infrastructure Construction Loan Revolving Fund		Total
\$	4,209	\$ 76,910 2,870
		31,356
	652	1,165
		26,269
	15,104	17,222
		7,971
\$	19,965	\$ 163,763
\$	6	\$ 9,711
		12,905
	2	11,047
		1,087
	437	10,679
		2,802
	445	48,231
		978
	15,104	15,976
		7,971
	4,416	90,607
	19,520	115,532
\$	19,965	\$ 163,763

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Commerce and Economic Opportunity**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Renewable Energy Resources Trust Fund	Fund For Illinois' Future	Tourism Promotion Fund	Intra-Agency Services Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund
<b>REVENUES</b>						
Federal government					\$ 156,125	
Licenses and fees	\$ 5,262					
Interest and other investment income					8	\$ 3,246
Other	17	\$ 733			85	
<b>Total revenues</b>	<b>5,279</b>	<b>733</b>			<b>156,218</b>	<b>3,246</b>
<b>EXPENDITURES</b>						
Current:						
Employment and economic development	3,153		\$ 32,890	\$ 7,414	153,059	3,391
Environment and business regulations				13		
Capital outlays			15	71		
<b>Total expenditures</b>	<b>3,153</b>		<b>32,905</b>	<b>7,498</b>	<b>153,059</b>	<b>3,391</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,126</b>	<b>733</b>	<b>(32,905)</b>	<b>(7,498)</b>	<b>3,159</b>	<b>(145)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in			47,960	8,180		
Transfers-out					(5,216)	
<b>Net other sources (uses) of financial resources</b>			<b>47,960</b>	<b>8,180</b>	<b>(5,216)</b>	
<b>Net change in fund balances</b>	<b>2,126</b>	<b>733</b>	<b>15,055</b>	<b>682</b>	<b>(2,057)</b>	<b>(145)</b>
Fund balances (deficits), July 1, 2007	15,696	13,864	21,227	13,141	(8,075)	23,765
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 17,822</b>	<b>\$ 14,597</b>	<b>\$ 36,282</b>	<b>\$ 13,823</b>	<b>\$ (10,132)</b>	<b>\$ 23,620</b>

Public Infrastructure Construction Loan Revolving Fund		Total
	\$	156,125
		5,262
\$	1,130	4,384
		835
	1,130	166,606
189		200,096
		13
		86
189		200,195
941		(33,589)
	56,140	
	(5,216)	
	50,924	
941		17,335
18,579		98,197
\$	19,520	\$ 115,532

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Natural Resources

June 30, 2008 (Expressed in Thousands)

	Wildlife and Fish Fund	Natural Areas Acquisition Fund	Open Space Lands Acquisition and Development Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 29,549	\$ 18,024	\$ 87,585	\$ 135,158
Cash and cash equivalents	36			36
Receivables, net				
Intergovernmental	4,861			4,861
Other	2,303			2,303
Inventories	1,980			1,980
<b>Total assets</b>	<b>\$ 38,729</b>	<b>\$ 18,024</b>	<b>\$ 87,585</b>	<b>\$ 144,338</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,619	\$ 266	\$ 35	\$ 3,920
Intergovernmental payables	61	8	2	71
Due to other funds	669	45	11	725
Due to component units	1,411	2	11	1,424
Unavailable revenue	4,284			4,284
Unearned revenue	47			47
<b>Total liabilities</b>	<b>10,091</b>	<b>321</b>	<b>59</b>	<b>10,471</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	339	628	37	1,004
Inventories	1,980			1,980
Unreserved:				
Designated for other	123		26,598	26,721
Undesignated	26,196	17,075	60,891	104,162
<b>Total fund balances</b>	<b>28,638</b>	<b>17,703</b>	<b>87,526</b>	<b>133,867</b>
<b>Total liabilities and fund balances</b>	<b>\$ 38,729</b>	<b>\$ 18,024</b>	<b>\$ 87,585</b>	<b>\$ 144,338</b>



**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Natural Resources**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Wildlife and Fish Fund	Natural Areas Acquisition Fund	Open Space Lands Acquisition and Development Fund	Total
<b>REVENUES</b>				
Other taxes		\$ 11,506	\$ 26,846	\$ 38,352
Federal government	\$ 9,904			9,904
Licenses and fees	34,853			34,853
Interest and other investment income	1,277			1,277
Other	4,182			4,182
<b>Total revenues</b>	<b>50,216</b>	<b>11,506</b>	<b>26,846</b>	<b>88,568</b>
<b>EXPENDITURES</b>				
Current:				
Environment and business regulations	51,730	6,623	1,569	59,922
Capital outlays	1,867	4,409		6,276
<b>Total expenditures</b>	<b>53,597</b>	<b>11,032</b>	<b>1,569</b>	<b>66,198</b>
<b>Net change in fund balances</b>	<b>(3,381)</b>	<b>474</b>	<b>25,277</b>	<b>22,370</b>
Fund balances, July 1, 2007	32,163	17,229	62,249	111,641
(Decrease) for changes in inventories	(144)			(144)
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 28,638</b>	<b>\$ 17,703</b>	<b>\$ 87,526</b>	<b>\$ 133,867</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Employment Security

June 30, 2008 (Expressed in Thousands)

	Title III Social Security and Employment Service Fund	Unemployment Compensation Special Administration Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 12,660	\$ 12,569	\$ 25,229
Cash and cash equivalents	5		5
Receivables, net			
Intergovernmental	16,443		16,443
Other	22	21	43
Due from other funds	90	4,318	4,408
Inventories	1,015		1,015
<b>Total assets</b>	<b>\$ 30,235</b>	<b>\$ 16,908</b>	<b>\$ 47,143</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 6,317	\$ 272	\$ 6,589
Intergovernmental payables	300		300
Due to other funds	5,962		5,962
<b>Total liabilities</b>	<b>12,579</b>	<b>272</b>	<b>12,851</b>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	2		2
Inventories	1,015		1,015
Unreserved	16,639	16,636	33,275
<b>Total fund balances</b>	<b>17,656</b>	<b>16,636</b>	<b>34,292</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,235</b>	<b>\$ 16,908</b>	<b>\$ 47,143</b>

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Employment Security**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Title III Social Security and Employment Service Fund	Unemployment Compensation Special Administration Fund	Total
<b>REVENUES</b>			
Federal government	\$ 177,692		\$ 177,692
Licenses and fees	12		12
Interest and other investment income	575	\$ 451	1,026
Other	1,913		1,913
<b>Total revenues</b>	<b>180,192</b>	<b>451</b>	<b>180,643</b>
<b>EXPENDITURES</b>			
Current:			
Employment and economic development	192,400	2,235	194,635
Capital outlays	58		58
<b>Total expenditures</b>	<b>192,458</b>	<b>2,235</b>	<b>194,693</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(12,266)</b>	<b>(1,784)</b>	<b>(14,050)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	10,015	15,400	25,415
Transfers-out		(11,549)	(11,549)
<b>Net other sources of financial resources</b>	<b>10,015</b>	<b>3,851</b>	<b>13,866</b>
<b>Net change in fund balances</b>	<b>(2,251)</b>	<b>2,067</b>	<b>(184)</b>
Fund balances, July 1, 2007	20,247	14,569	34,816
(Decrease) for changes in inventories	(340)		(340)
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 17,656</b>	<b>\$ 16,636</b>	<b>\$ 34,292</b>

*State of Illinois***Combining Balance Sheet - Nonmajor Special Revenue Funds  
Financial and Professional Regulation**

June 30, 2008 (Expressed in Thousands)

	General Professions Dedicated Fund	State Pensions Fund	Illinois State Medical Disciplinary Fund	Credit Union Fund	Savings and Residential Finance Regulatory Fund	Real Estate License Administration Fund
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 14,641	\$ 161,359	\$ 15,551	\$ 13,792	\$ 34,050	\$ 22,712
Other receivables, net	112		89	32	777	49
<b>Total assets</b>	<b>\$ 14,753</b>	<b>\$ 161,359</b>	<b>\$ 15,640</b>	<b>\$ 13,824</b>	<b>\$ 34,827</b>	<b>\$ 22,761</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 165	\$ 188	\$ 229	\$ 123	\$ 191	\$ 136
Intergovernmental payables	7	2	8	6	9	7
Due to other funds	1	14				
Unavailable revenue	61		17			
<b>Total liabilities</b>	<b>234</b>	<b>204</b>	<b>254</b>	<b>129</b>	<b>200</b>	<b>143</b>
<b>FUND BALANCES</b>						
Reserved for encumbrances	21	59	25			6
Unreserved	14,498	161,096	15,361	13,695	34,627	22,612
<b>Total fund balances</b>	<b>14,519</b>	<b>161,155</b>	<b>15,386</b>	<b>13,695</b>	<b>34,627</b>	<b>22,618</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,753</b>	<b>\$ 161,359</b>	<b>\$ 15,640</b>	<b>\$ 13,824</b>	<b>\$ 34,827</b>	<b>\$ 22,761</b>

Insurance Financial Regulation Fund		Total
\$	8,800	\$ 270,905
	18,063	19,122
\$	26,863	\$ 290,027
\$	402	\$ 1,434
	20	59
		15
	613	691
	1,035	2,199
	1	112
	25,827	287,716
	25,828	287,828
\$	26,863	\$ 290,027

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Financial and Professional Regulation**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Professions Dedicated Fund	State Pensions Fund	Illinois State Medical Disciplinary Fund	Credit Union Fund	Savings and Residential Finance Regulatory Fund	Real Estate License Administration Fund
<b>REVENUES</b>						
Licenses and fees	\$ 11,469		\$ 12,429	\$ 5,060	\$ 8,545	\$ 6,740
Interest and other investment income	556		302	481	1,358	901
Other	(39)		87	37	336	10
<b>Total revenues</b>	<b>11,986</b>		<b>12,818</b>	<b>5,578</b>	<b>10,239</b>	<b>7,651</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services						
Education		\$ 340,320				
General government		6,542				
Environment and business regulations	3,900		3,930	2,580	3,890	3,085
<b>Total expenditures</b>	<b>3,900</b>	<b>346,862</b>	<b>3,930</b>	<b>2,580</b>	<b>3,890</b>	<b>3,085</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,086</b>	<b>(346,862)</b>	<b>8,888</b>	<b>2,998</b>	<b>6,349</b>	<b>4,566</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in		263,986				
Transfers-out	(4,107)		(2,108)	(589)	(1,317)	(545)
<b>Net other sources (uses) of financial resources</b>	<b>(4,107)</b>	<b>263,986</b>	<b>(2,108)</b>	<b>(589)</b>	<b>(1,317)</b>	<b>(545)</b>
<b>Net change in fund balances</b>	<b>3,979</b>	<b>(82,876)</b>	<b>6,780</b>	<b>2,409</b>	<b>5,032</b>	<b>4,021</b>
Fund balances, July 1, 2007	10,540	244,031	8,606	11,286	29,595	18,597
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 14,519</b>	<b>\$ 161,155</b>	<b>\$ 15,386</b>	<b>\$ 13,695</b>	<b>\$ 34,627</b>	<b>\$ 22,618</b>

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Insurance Financial Regulation Fund		Total
\$	23,320	\$ 67,563
		3,598
	240	671
	23,560	71,832

	340,320
	6,542
10,165	27,550
10,165	374,412
13,395	(302,580)

	263,986
(11,438)	(20,104)
(11,438)	243,882
1,957	(58,698)
23,871	346,526
\$	25,828
\$	287,828

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2008 (Expressed in Thousands)

	Mental Health Fund	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 26,879	\$ 14,390	\$ 18,095	\$ 6,196	\$ 6,835		\$ 72,395
Cash and cash equivalents					1,671		1,671
Receivables, net							
Taxes	179						179
Intergovernmental	10,382	923	10,993	6,748	2		29,048
Other	2,667	100	1	143	12,969		15,880
Due from other funds	1,879	1,671	23	278	50		3,901
Other assets						\$ 86	86
<b>Total assets</b>	<b>\$ 41,986</b>	<b>\$ 17,084</b>	<b>\$ 29,112</b>	<b>\$ 13,365</b>	<b>\$ 21,527</b>	<b>\$ 86</b>	<b>\$ 123,160</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 502	\$ 8,732	\$ 18,011	\$ 12,010	\$ 13,764		\$ 53,019
Intergovernmental payables	6	135	896	55	3,011		4,103
Due to other funds	1,311	2,275	625	88	171		4,470
Due to component units		33	3,700	64	11		3,808
Unavailable revenue	6,302	402	1,439	3			8,146
Unearned revenue		7,024	7,975	2,761	4,570	\$ 86	22,416
<b>Total liabilities</b>	<b>8,121</b>	<b>18,601</b>	<b>32,646</b>	<b>14,981</b>	<b>21,527</b>	<b>86</b>	<b>95,962</b>
<b>FUND BALANCES</b>							
Unreserved	33,865	(1,517)	(3,534)	(1,616)			27,198
<b>Total fund balances (deficits)</b>	<b>33,865</b>	<b>(1,517)</b>	<b>(3,534)</b>	<b>(1,616)</b>			<b>27,198</b>
<b>Total liabilities and fund balances</b>	<b>\$ 41,986</b>	<b>\$ 17,084</b>	<b>\$ 29,112</b>	<b>\$ 13,365</b>	<b>\$ 21,527</b>	<b>\$ 86</b>	<b>\$ 123,160</b>



State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Human Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Mental Health Fund	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
<b>REVENUES</b>							
Other taxes	\$ 1,391						\$ 1,391
Federal government		\$ 95,110	\$ 169,885	\$ 53,352	\$ 207,457	\$ 1,682,494	2,208,298
Licenses and fees				3,278			3,278
Interest and other investment income				281	4		285
Other	46,509	1,929	17				48,455
<b>Total revenues</b>	<b>47,900</b>	<b>97,039</b>	<b>169,902</b>	<b>56,911</b>	<b>207,461</b>	<b>1,682,494</b>	<b>2,261,707</b>
<b>EXPENDITURES</b>							
Current:							
Health and social services	28,068	105,296	176,020	136,648	207,461	1,682,494	2,335,987
Debt service:							
Principal		19					19
Interest		2					2
Capital outlays		427	58				485
<b>Total expenditures</b>	<b>28,068</b>	<b>105,744</b>	<b>176,078</b>	<b>136,648</b>	<b>207,461</b>	<b>1,682,494</b>	<b>2,336,493</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>19,832</b>	<b>(8,705)</b>	<b>(6,176)</b>	<b>(79,737)</b>	<b>-- --</b>	<b>-- --</b>	<b>(74,786)</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES</b>							
Transfers-in		185	23	71,904			72,112
<b>Net other sources of financial resources</b>		<b>185</b>	<b>23</b>	<b>71,904</b>			<b>72,112</b>
<b>Net change in fund balances</b>	<b>19,832</b>	<b>(8,520)</b>	<b>(6,153)</b>	<b>(7,833)</b>	<b>-- --</b>	<b>-- --</b>	<b>(2,674)</b>
Fund balances, July 1, 2007	14,033	7,003	2,619	6,217			29,872
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 33,865</b>	<b>\$ (1,517)</b>	<b>\$ (3,534)</b>	<b>\$ (1,616)</b>	<b>\$ -- --</b>	<b>\$ -- --</b>	<b>\$ 27,198</b>

Combining Balance Sheet - Nonmajor Special Revenue Funds

Healthcare and Family Services

June 30, 2008 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 30,551	\$ 35,069	\$ 339	\$ 65,959
Receivables, net				
Taxes	7,295			7,295
Intergovernmental		12,446	7,448	19,894
Other		12,810		12,810
Due from other funds		827		827
<b>Total assets</b>	<b>\$ 37,846</b>	<b>\$ 61,152</b>	<b>\$ 7,787</b>	<b>\$ 106,785</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,223	\$ 8,425	\$ 5,758	\$ 17,406
Intergovernmental payables	1,572	13,447	1,996	17,015
Due to other funds	51	6,309	33	6,393
Unavailable revenue		106	1	107
<b>Total liabilities</b>	<b>4,846</b>	<b>28,287</b>	<b>7,788</b>	<b>40,921</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances		5		5
Unreserved	33,000	32,860	(1)	65,859
<b>Total fund balances (deficits)</b>	<b>33,000</b>	<b>32,865</b>	<b>(1)</b>	<b>65,864</b>
<b>Total liabilities and fund balances</b>	<b>\$ 37,846</b>	<b>\$ 61,152</b>	<b>\$ 7,787</b>	<b>\$ 106,785</b>

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Healthcare and Family Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
<b>REVENUES</b>				
Public utility taxes	\$ 101,432			\$ 101,432
Federal government		\$ 113,124	\$ 136,461	249,585
Other		19,398		19,398
<b>Total revenues</b>	<b>101,432</b>	<b>132,522</b>	<b>136,461</b>	<b>370,415</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services	90,267	170,822	136,132	397,221
Capital outlays		271		271
<b>Total expenditures</b>	<b>90,267</b>	<b>171,093</b>	<b>136,132</b>	<b>397,492</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>11,165</b>	<b>(38,571)</b>	<b>329</b>	<b>(27,077)</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES</b>				
Transfers-in	79	31,835		31,914
<b>Net other sources of financial resources</b>	<b>79</b>	<b>31,835</b>		<b>31,914</b>
<b>Net change in fund balances</b>	<b>11,244</b>	<b>(6,736)</b>	<b>329</b>	<b>4,837</b>
Fund balances (deficits), July 1, 2007	21,756	39,601	(330)	61,027
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 33,000</b>	<b>\$ 32,865</b>	<b>\$ (1)</b>	<b>\$ 65,864</b>

**State of Illinois**

**Combining Balance Sheet - Nonmajor Special Revenue Funds**

June 30, 2008 (Expressed in Thousands)

	State Gaming Fund	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 23,839	\$ 38,378	\$ 51,092	\$ 68,445	\$ 287,591	\$ 7,717
Receivables, net						
Taxes	2,458		14,817	19,238	76,982	
Other	10					14
Due from other funds	426					93
Due from component units						345,734
<b>Total assets</b>	<b>\$ 26,733</b>	<b>\$ 38,378</b>	<b>\$ 65,909</b>	<b>\$ 87,683</b>	<b>\$ 364,573</b>	<b>\$ 353,558</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 445	\$ 17,590				\$ 6,483
Intergovernmental payables	10,296		\$ 20,328	\$ 56,746	\$ 364,573	
Due to other funds	25,228		45,581	30,937		
Due to component units	104					
Unavailable revenue			1,789	825	3,575	
Unearned revenue						
<b>Total liabilities</b>	<b>36,073</b>	<b>17,590</b>	<b>67,698</b>	<b>88,508</b>	<b>368,148</b>	<b>6,483</b>
<b>FUND BALANCES</b>						
Reserved for:	138	96				
Encumbrances						
Long-term portion of due from						
State of Illinois component units						345,734
Unreserved	(9,478)	20,692	(1,789)	(825)	(3,575)	1,341
<b>Total fund balances (deficits)</b>	<b>(9,340)</b>	<b>20,788</b>	<b>(1,789)</b>	<b>(825)</b>	<b>(3,575)</b>	<b>347,075</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,733</b>	<b>\$ 38,378</b>	<b>\$ 65,909</b>	<b>\$ 87,683</b>	<b>\$ 364,573</b>	<b>\$ 353,558</b>

Horse Racing Equity Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
\$ 76,489	\$ 748	\$ 301,650	\$ 16,397	\$ 872,346
		55,733	35,515	204,743
		240	42	306
	146,112	95,330	9,450	251,411
				345,734
\$ 76,489	\$ 146,860	\$ 452,953	\$ 61,404	\$ 1,674,540
		\$ 5,306	\$ 11,672	\$ 41,496
	\$ 146,235	307,493		905,671
	625	107		102,478
				104
		15,303	1,449	22,941
		140,047		140,047
	146,860	468,256	13,121	1,212,737
				234
				345,734
\$ 76,489		(15,303)	48,283	115,835
76,489		(15,303)	48,283	461,803
\$ 76,489	\$ 146,860	\$ 452,953	\$ 61,404	\$ 1,674,540

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Revenue**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	State Gaming Fund	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
<b>REVENUES</b>						
Income taxes						
Sales taxes			\$ 262,981	\$ 358,415	\$ 1,646,613	
Public utility taxes						
Riverboat taxes	\$ 696,835					
Other taxes		\$ 21,826				\$ 38,350
Licenses and fees	720					36
Interest and other investment income						2,278
Other						40,027
<b>Total revenues</b>	<b>697,555</b>	<b>21,826</b>	<b>262,981</b>	<b>358,415</b>	<b>1,646,613</b>	<b>80,691</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	336					12,474
General government		29,342	1			41,726
Employment and economic development						
Capital outlays	63					
Intergovernmental	123,443		58,955	359,240	1,646,665	
<b>Total expenditures</b>	<b>123,842</b>	<b>29,342</b>	<b>58,956</b>	<b>359,240</b>	<b>1,646,665</b>	<b>54,200</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>573,713</b>	<b>(7,516)</b>	<b>204,025</b>	<b>(825)</b>	<b>(52)</b>	<b>26,491</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in						
Transfers-out	(586,855)		(204,647)			(3,775)
<b>Net other sources (uses) of financial resources</b>	<b>(586,855)</b>		<b>(204,647)</b>			<b>(3,775)</b>
<b>Net change in fund balances</b>	<b>(13,142)</b>	<b>(7,516)</b>	<b>(622)</b>	<b>(825)</b>	<b>(52)</b>	<b>22,716</b>
Fund balances (deficits), July 1, 2007	3,802	28,304	(1,167)		(3,523)	324,359
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (9,340)</b>	<b>\$ 20,788</b>	<b>\$ (1,789)</b>	<b>\$ (825)</b>	<b>\$ (3,575)</b>	<b>\$ 347,075</b>

Horse Racing Equity Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
		\$ 1,286,214		\$ 1,286,214
			\$ 430,072	2,698,081
		208,941		208,941
				696,835
\$ 33,004			115,323	208,503
				756
		3,585	930	6,793
				40,027
33,004		1,498,740	546,325	5,146,150
				12,810
		114		71,183
			30,410	30,410
		7		70
\$ 1,352,872		1,545,220		5,086,395
	1,352,872	1,545,341	30,410	5,200,868
33,004	(1,352,872)	(46,601)	515,915	(54,718)
	1,357,872	95,330	39,466	1,492,668
	(5,000)		(550,086)	(1,350,363)
	1,352,872	95,330	(510,620)	142,305
33,004	-- --	48,729	5,295	87,587
43,485		(64,032)	42,988	374,216
\$ 76,489	\$ -- --	\$ (15,303)	\$ 48,283	\$ 461,803

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2008 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Downstate Public Transportation Fund	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 114,035	\$ 3,928	\$ 11,540	\$ 47,711	\$ 25,467	\$ 202,681
Receivables, net						
Taxes	118,100					118,100
Intergovernmental	25	40,620				40,645
Other			21			21
Due from other funds		718		49,798		50,516
Loans and notes receivable, net			20,412			20,412
<b>Total assets</b>	<b>\$ 232,160</b>	<b>\$ 45,266</b>	<b>\$ 31,973</b>	<b>\$ 97,509</b>	<b>\$ 25,467</b>	<b>\$ 432,375</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 17,356	\$ 15,642				\$ 32,998
Intergovernmental payables	108,275	26,230		\$ 97,509	\$ 5,591	237,605
Due to other funds	96,276					96,276
Unavailable revenue	10,253	29,684				39,937
Unearned revenue		3,394				3,394
<b>Total liabilities</b>	<b>232,160</b>	<b>74,950</b>		<b>97,509</b>	<b>5,591</b>	<b>410,210</b>
<b>FUND BALANCES</b>						
Reserved for long-term portion of loans and notes receivable			\$ 19,531			19,531
Unreserved:						
Designated for other			4,686			4,686
Undesignated		(29,684)	7,756		19,876	(2,052)
<b>Total fund balances (deficits)</b>		<b>(29,684)</b>	<b>31,973</b>		<b>19,876</b>	<b>22,165</b>
<b>Total liabilities and fund balances</b>	<b>\$ 232,160</b>	<b>\$ 45,266</b>	<b>\$ 31,973</b>	<b>\$ 97,509</b>	<b>\$ 25,467</b>	<b>\$ 432,375</b>



*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Transportation**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Downstate Public Transportation Fund	Total
<b>REVENUES</b>						
Motor fuel taxes	\$ 1,336,736					\$ 1,336,736
Federal government	90	\$ 90,534				90,624
Licenses and fees	715					715
Interest and other investment income			\$ 1,017			1,017
Other		5,344				5,344
<b>Total revenues</b>	<b>1,337,541</b>	<b>95,878</b>	<b>1,017</b>			<b>1,434,436</b>
<b>EXPENDITURES</b>						
Current:						
General government	75,273					75,273
Transportation	631,439	111,537	687	\$ 323,676	\$ 85,337	1,152,676
Capital outlays	81					81
Intergovernmental	61					61
<b>Total expenditures</b>	<b>706,854</b>	<b>111,537</b>	<b>687</b>	<b>323,676</b>	<b>85,337</b>	<b>1,228,091</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>630,687</b>	<b>(15,659)</b>	<b>330</b>	<b>(323,676)</b>	<b>(85,337)</b>	<b>206,345</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	65,594			323,676	86,198	475,468
Transfers-out	(696,281)					(696,281)
<b>Net other sources (uses) of financial resources</b>	<b>(630,687)</b>			<b>323,676</b>	<b>86,198</b>	<b>(220,813)</b>
<b>Net change in fund balances</b>	<b>-- --</b>	<b>(15,659)</b>	<b>330</b>	<b>-- --</b>	<b>861</b>	<b>(14,468)</b>
Fund balances (deficits), July 1, 2007, as restated		(14,025)	31,643		19,015	36,633
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ -- --</b>	<b>\$ (29,684)</b>	<b>\$ 31,973</b>	<b>\$ -- --</b>	<b>\$ 19,876</b>	<b>\$ 22,165</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Departments

June 30, 2008 (Expressed in Thousands)

	Children and Family Services	Illinois Power	Public Health	
	DCFS Childrens' Services Fund	Illinois Power Agency Trust Fund	Public Health Services Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 2,787	\$ 25,616	\$ 2,556	\$ 30,959
Cash and cash equivalents	326			326
Receivables, net				
Intergovernmental	73,433		18,627	92,060
Other		51	32	83
Due from other funds	50		1,825	1,875
Due from component units			6	6
Inventories			1,449	1,449
<b>Total assets</b>	<b>\$ 76,596</b>	<b>\$ 25,667</b>	<b>\$ 24,495</b>	<b>\$ 126,758</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 68,165		\$ 11,919	\$ 80,084
Intergovernmental payables	1,456		8,198	9,654
Due to other funds	2		812	814
Due to component units	9,621		1,374	10,995
Unavailable revenue	19,649		906	20,555
<b>Total liabilities</b>	<b>98,893</b>		<b>23,209</b>	<b>122,102</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances			404	404
Inventories			1,449	1,449
Unreserved	(22,297)	\$ 25,667	(567)	2,803
<b>Total fund balances (deficits)</b>	<b>(22,297)</b>	<b>25,667</b>	<b>1,286</b>	<b>4,656</b>
<b>Total liabilities and fund balances</b>	<b>\$ 76,596</b>	<b>\$ 25,667</b>	<b>\$ 24,495</b>	<b>\$ 126,758</b>

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Other Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Children and Family Services	Illinois Power	Public Health	
	DCFS Childrens' Services Fund	Illinois Power Agency Trust Fund	Public Health Services Fund	Total
<b>REVENUES</b>				
Federal government	\$ 358,438		\$ 191,609	\$ 550,047
Interest and other investment income		\$ 667		667
Other	2,397	25,000	1,151	28,548
<b>Total revenues</b>	<b>360,835</b>	<b>25,667</b>	<b>192,760</b>	<b>579,262</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services	378,721		184,652	563,373
Capital outlays	502		157	659
<b>Total expenditures</b>	<b>379,223</b>		<b>184,809</b>	<b>564,032</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,388)</b>	<b>25,667</b>	<b>7,951</b>	<b>15,230</b>
<b>OTHER SOURCES OF FINANCIAL RESOURCES</b>				
Transfers-in	2,250			2,250
<b>Net other sources of financial resources</b>	<b>2,250</b>			<b>2,250</b>
<b>Net change in fund balances</b>	<b>(16,138)</b>	<b>25,667</b>	<b>7,951</b>	<b>17,480</b>
Fund balances (deficits), July 1, 2007	(6,159)		3,767	(2,392)
(Decrease) for changes in inventories			(10,432)	(10,432)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (22,297)</b>	<b>\$ 25,667</b>	<b>\$ 1,286</b>	<b>\$ 4,656</b>

*State of Illinois*

**Combining Balance Sheet - Nonmajor Special Revenue Funds**

**Illinois Commerce Commission**

June 30, 2008 (Expressed in Thousands)

	Public Utility Fund	Wireless Carrier Reimbursement Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 13,708	\$ 26,237	\$ 39,945
Receivables, net			
Taxes	2	1,029	1,031
Intergovernmental	274		274
Other	5,500		5,500
<b>Total assets</b>	<b>\$ 19,484</b>	<b>\$ 27,266</b>	<b>\$ 46,750</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,420	\$ 795	\$ 3,215
Intergovernmental payables	44		44
Due to other funds	627		627
Unavailable revenue	276		276
<b>Total liabilities</b>	<b>3,367</b>	<b>795</b>	<b>4,162</b>
<b>FUND BALANCES</b>			
Reserved for encumbrances	124		124
Unreserved	15,993	26,471	42,464
<b>Total fund balances</b>	<b>16,117</b>	<b>26,471</b>	<b>42,588</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,484</b>	<b>\$ 27,266</b>	<b>\$ 46,750</b>

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Illinois Commerce Commission**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Public Utility Fund	Wireless Carrier Reimbursement Fund	Total
<b>REVENUES</b>			
Public utility taxes	\$ 16,344	\$ 18,559	\$ 34,903
Federal government	485		485
Licenses and fees	14,267		14,267
<b>Total revenues</b>	<b>31,096</b>	<b>18,559</b>	<b>49,655</b>
<b>EXPENDITURES</b>			
Current:			
Environment and business regulations	22,488	4,773	27,261
Capital outlays	473		473
<b>Total expenditures</b>	<b>22,961</b>	<b>4,773</b>	<b>27,734</b>
<b>Excess of revenues over expenditures</b>	<b>8,135</b>	<b>13,786</b>	<b>21,921</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES</b>			
Transfers-out	(831)	(8,000)	(8,831)
<b>Net other (uses) of financial resources</b>	<b>(831)</b>	<b>(8,000)</b>	<b>(8,831)</b>
<b>Net change in fund balances</b>	<b>7,304</b>	<b>5,786</b>	<b>13,090</b>
Fund balances, July 1, 2007	8,813	20,685	29,498
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 16,117</b>	<b>\$ 26,471</b>	<b>\$ 42,588</b>

Combining Balance Sheet - Nonmajor Special Revenue Funds

Environmental Protection Agency

June 30, 2008 (Expressed in Thousands)

	Clean Air Act (CAA) Permit Fund	Illinois Clean Water Fund	Hazardous Waste Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 14,559	\$ 16,271	\$ 4,449	\$ 35,279
Other receivables, net	3,974	13,679	13,105	30,758
Due from other funds	41		9,073	9,114
<b>Total assets</b>	<b>\$ 18,574</b>	<b>\$ 29,950</b>	<b>\$ 26,627</b>	<b>\$ 75,151</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 99	\$ 10	\$ 333	\$ 442
Intergovernmental payables		15	10	25
Due to other funds	38	171	76	285
Due to component units		1		1
Unavailable revenue	3,930	4,640	11,723	20,293
<b>Total liabilities</b>	<b>4,067</b>	<b>4,837</b>	<b>12,142</b>	<b>21,046</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	130	33	92	255
Unreserved	14,377	25,080	14,393	53,850
<b>Total fund balances</b>	<b>14,507</b>	<b>25,113</b>	<b>14,485</b>	<b>54,105</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,574</b>	<b>\$ 29,950</b>	<b>\$ 26,627</b>	<b>\$ 75,151</b>

*State of Illinois*
**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Environmental Protection Agency**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Clean Air Act (CAA) Permit Fund	Illinois Clean Water Fund	Hazardous Waste Fund	Total
<b>REVENUES</b>				
Licenses and fees	\$ 14,741	\$ 19,481	\$ 1,535	\$ 35,757
Interest and other investment income	576	923		1,499
Other		26	1,238	1,264
<b>Total revenues</b>	<b>15,317</b>	<b>20,430</b>	<b>2,773</b>	<b>38,520</b>
<b>EXPENDITURES</b>				
Current:				
Environment and business regulations	17,553	8,096	10,965	36,614
Capital outlays	148		41	189
<b>Total expenditures</b>	<b>17,701</b>	<b>8,096</b>	<b>11,006</b>	<b>36,803</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,384)</b>	<b>12,334</b>	<b>(8,233)</b>	<b>1,717</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in			2,000	2,000
Transfers-out		(9,900)		(9,900)
<b>Net other sources (uses) of financial resources</b>		<b>(9,900)</b>	<b>2,000</b>	<b>(7,900)</b>
<b>Net change in fund balances</b>	<b>(2,384)</b>	<b>2,434</b>	<b>(6,233)</b>	<b>(6,183)</b>
Fund balances, July 1, 2007	16,891	22,679	20,718	60,288
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 14,507</b>	<b>\$ 25,113</b>	<b>\$ 14,485</b>	<b>\$ 54,105</b>

*State of Illinois*

**Combining Balance Sheet - Nonmajor Special Revenue Funds**

**State Board of Education**

June 30, 2008 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 2,365	\$ 262	\$ 1,545	\$ 4,172
Receivables, net				
Intergovernmental	333	20,703	280,959	301,995
Other	12	33		45
Due from other funds	5		740	745
Due from component units			245	245
Inventories		444		444
<b>Total assets</b>	<b>\$ 2,715</b>	<b>\$ 21,442</b>	<b>\$ 283,489</b>	<b>\$ 307,646</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities		\$ 311	\$ 10,181	\$ 10,492
Intergovernmental payables	\$ 17,930	16,628	261,194	295,752
Due to other funds		346	2,839	3,185
Due to component units		91	1,312	1,403
Unavailable revenue		4,128	6,914	11,042
<b>Total liabilities</b>	<b>17,930</b>	<b>21,504</b>	<b>282,440</b>	<b>321,874</b>
<b>FUND BALANCES</b>				
Reserved for inventories		444		444
Unreserved	(15,215)	(506)	1,049	(14,672)
<b>Total fund balances (deficits)</b>	<b>(15,215)</b>	<b>(62)</b>	<b>1,049</b>	<b>(14,228)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,715</b>	<b>\$ 21,442</b>	<b>\$ 283,489</b>	<b>\$ 307,646</b>



**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
State Board of Education**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>REVENUES</b>				
Federal government		\$ 517,034	\$ 1,369,295	\$ 1,886,329
Licenses and fees	\$ 12,000			12,000
Other	6,271	174	133	6,578
<b>Total revenues</b>	<b>18,271</b>	<b>517,208</b>	<b>1,369,428</b>	<b>1,904,907</b>
<b>EXPENDITURES</b>				
Current:				
Education	18,002	517,575	1,369,274	1,904,851
Debt service:				
Principal			3	3
Capital outlays		19		19
<b>Total expenditures</b>	<b>18,002</b>	<b>517,594</b>	<b>1,369,277</b>	<b>1,904,873</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>269</b>	<b>(386)</b>	<b>151</b>	<b>34</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES</b>				
Transfers-out		(568)	(152)	(720)
<b>Net other (uses) of financial resources</b>		<b>(568)</b>	<b>(152)</b>	<b>(720)</b>
<b>Net change in fund balances</b>	<b>269</b>	<b>(954)</b>	<b>(1)</b>	<b>(686)</b>
Fund balances, July 1, 2007	(15,484)	1,308	1,050	(13,126)
(Decrease) for changes in inventories		(416)		(416)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (15,215)</b>	<b>\$ (62)</b>	<b>\$ 1,049</b>	<b>\$ (14,228)</b>

Combining Balance Sheet - Nonmajor Special Revenue Funds

Office of the State Fire Marshal

June 30, 2008 (Expressed in Thousands)

	Fire Prevention Fund	Underground Storage Tank Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 21,817	\$ 10,144	\$ 31,961
Receivables, net			
Taxes	5	6,520	6,525
Intergovernmental	6		6
Other	684	32	716
Due from other funds	4		4
Due from component units	7		7
<b>Total assets</b>	<b>\$ 22,523</b>	<b>\$ 16,696</b>	<b>\$ 39,219</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,172	\$ 496	\$ 3,668
Intergovernmental payables		2	2
Due to other funds	189	43	232
Due to component units	57		57
Unavailable revenue	86	481	567
<b>Total liabilities</b>	<b>3,504</b>	<b>1,022</b>	<b>4,526</b>
<b>FUND BALANCES</b>			
Reserved for encumbrances	175	154	329
Unreserved	18,844	15,520	34,364
<b>Total fund balances</b>	<b>19,019</b>	<b>15,674</b>	<b>34,693</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,523</b>	<b>\$ 16,696</b>	<b>\$ 39,219</b>

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Office of the State Fire Marshal**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Fire Prevention Fund	Underground Storage Tank Fund	Total
<b>REVENUES</b>			
Motor fuel taxes		\$ 73,919	\$ 73,919
Other taxes	\$ 20,954		20,954
Federal government		43	43
Licenses and fees	3,944	48	3,992
Other	72		72
<b>Total revenues</b>	<b>24,970</b>	<b>74,010</b>	<b>98,980</b>
<b>EXPENDITURES</b>			
Current:			
Health and social services	1,110		1,110
Education	3,509		3,509
General government	154	969	1,123
Public protection and justice	33,629	3,129	36,758
Environment and business regulations		57,972	57,972
Debt service:			
Principal		5	5
Interest		1	1
Capital outlays	381		381
<b>Total expenditures</b>	<b>38,783</b>	<b>62,076</b>	<b>100,859</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(13,813)</b>	<b>11,934</b>	<b>(1,879)</b>
<b>OTHER (USES) OF FINANCIAL RESOURCES</b>			
Transfers-out	(2,218)	(13,993)	(16,211)
<b>Net other (uses) of financial resources</b>	<b>(2,218)</b>	<b>(13,993)</b>	<b>(16,211)</b>
<b>Net change in fund balances</b>	<b>(16,031)</b>	<b>(2,059)</b>	<b>(18,090)</b>
Fund balances, July 1, 2007	35,050	17,733	52,783
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 19,019</b>	<b>\$ 15,674</b>	<b>\$ 34,693</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Agencies, Boards and Authorities

June 30, 2008 (Expressed in Thousands)

	Capital Development Board	Criminal Justice Information Authority	Workers' Compensation Commission	Metropolitan Pier and Exposition Authority	State Board of Elections	Emergency Management Agency		
	School Infrastructure Fund	Criminal Justice Trust Fund	Illinois Workers' Compensation Commission Operations Fund	Metropolitan and Exposition Auditorium and Office Building Fund	Help Illinois Vote Fund	Federal Civil Preparedness Administrative Fund	Total	
<b>ASSETS</b>								
Cash equity with State Treasurer	\$ 12,436	\$ 24,820	\$ 52,004	\$ 18,196	\$ 22,587	\$ 5,614	\$	135,657
Receivables, net								
Taxes	642		40,099					40,741
Intergovernmental		2,608			16	24,595		27,219
Other		49	4		45			98
Due from other funds	3,321	403				15		3,739
<b>Total assets</b>	<b>\$ 16,399</b>	<b>\$ 27,880</b>	<b>\$ 92,107</b>	<b>\$ 18,196</b>	<b>\$ 22,648</b>	<b>\$ 30,224</b>	<b>\$</b>	<b>207,454</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 4,191	\$ 112	\$ 752		\$ 215	\$ 4,208	\$	9,478
Intergovernmental payables		3,162	55		772	24,255		28,244
Due to other funds	20	462	1,055			678		2,215
Due to component units		66				773		839
Unavailable revenue	69		33,392			1,013		34,474
Unearned revenue		24,078			21,661			45,739
<b>Total liabilities</b>	<b>4,280</b>	<b>27,880</b>	<b>35,254</b>		<b>22,648</b>	<b>30,927</b>		<b>120,989</b>
<b>FUND BALANCES</b>								
Reserved for encumbrances		41	86			191		318
Unreserved	12,119	(41)	56,767	\$ 18,196		(894)		86,147
<b>Total fund balances (deficits)</b>	<b>12,119</b>	<b>-- --</b>	<b>56,853</b>	<b>18,196</b>		<b>(703)</b>		<b>86,465</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,399</b>	<b>\$ 27,880</b>	<b>\$ 92,107</b>	<b>\$ 18,196</b>	<b>\$ 22,648</b>	<b>\$ 30,224</b>	<b>\$</b>	<b>207,454</b>

*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Special Revenue Funds  
Other Agencies, Boards and Authorities**  
For the Year Ended June 30, 2008 (Expressed in Thousands)

	Capital Development Board	Criminal Justice Information Authority	Workers' Compensation Commission	Metropolitan Pier and Exposition Authority	State Board of Elections	Emergency Management Agency	
	School Infrastructure Fund	Criminal Justice Trust Fund	Illinois Workers' Compensation Commission Operations Fund	Metropolitan and Exposition Auditorium and Office Building Fund	Help Illinois Vote Fund	Federal Civil Preparedness Administrative Fund	Total
<b>REVENUES</b>							
Public utility taxes	\$ 101,194						\$ 101,194
Other taxes	60,000		\$ 12,333				72,333
Federal government		\$ 34,243			\$ 5,698	\$ 86,814	126,755
Interest and other investment income		644			1,224		1,868
Other		7				175	182
<b>Total revenues</b>	<b>161,194</b>	<b>34,894</b>	<b>12,333</b>		<b>6,922</b>	<b>86,989</b>	<b>302,332</b>
<b>EXPENDITURES</b>							
Current:							
Education	107						107
General government	646				1,974		2,620
Transportation						875	875
Public protection and justice		34,894				83,510	118,404
Environment and business regulations			18,722			2,532	21,254
Debt service:							
Principal			13				13
Interest			1				1
Capital outlays	18		23		119	489	649
Intergovernmental					4,829		4,829
<b>Total expenditures</b>	<b>771</b>	<b>34,894</b>	<b>18,759</b>		<b>6,922</b>	<b>87,406</b>	<b>148,752</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>160,423</b>	<b>-- --</b>	<b>(6,426)</b>		<b>-- --</b>	<b>(417)</b>	<b>153,580</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Transfers-in	67,896			\$ 37,923			105,819
Transfers-out	(214,203)			(36,599)			(250,802)
Capital lease and installment purchase acquisitions			23				23
<b>Net other sources (uses) of financial resources</b>	<b>(146,307)</b>		<b>23</b>	<b>1,324</b>			<b>(144,960)</b>
<b>Net change in fund balances</b>	<b>14,116</b>	<b>-- --</b>	<b>(6,403)</b>	<b>1,324</b>	<b>-- --</b>	<b>(417)</b>	<b>8,620</b>
Fund balances (deficits), July 1, 2007	(1,997)		63,256	16,872		(286)	77,845
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 12,119</b>	<b>\$ -- --</b>	<b>\$ 56,853</b>	<b>\$ 18,196</b>	<b>\$ -- --</b>	<b>\$ (703)</b>	<b>\$ 86,465</b>

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## **DEBT SERVICE FUNDS**

The Debt Service Funds are maintained to account for resources obtained and accumulated to pay interest and principal on general long-term obligations.

### **SIGNIFICANT NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS DESCRIPTIONS**

#### **Treasurer**

General Obligation Bond Retirement and Interest Fund--to account for payments of principal and interest related to general obligation bonds. These bonds provide financing for the protection of the environment within the State; the acquisition, construction, reconstruction, extension, and improvement of highways; the acquisition, construction, reconstruction, and improvement of capital projects; the construction of facilities leased back to the State; and the development of mass transportation and aviation systems within the State.

#### **Governor's Office of Management and Budget**

Illinois Civic Center Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance the construction of local civic centers. Funding consists of transfers from the Metropolitan Exposition Auditorium and Office Building Fund and investment income.

Build Illinois Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance improvements related to existing or planned scientific research, manufacturing, or industrial development or expansion in Illinois. Funding consists of transfers from the Build Illinois Fund and investment income.

**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**

June 30, 2008 (Expressed in Thousands)

	Treasurer			
	General Obligation Bond Retirement and Interest Fund	Governor's Office of Management and Budget	Other	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 634,916	\$ 11,090		\$ 646,006
Cash and cash equivalents	6,184	128,239	\$ 5,318	139,741
Investments		51,412		51,412
Other receivables, net	1,127	896	4	2,027
Due from other funds	10,376			10,376
Loans and notes receivable, net	17,061			17,061
<b>Total assets</b>	<b>\$ 669,664</b>	<b>\$ 191,637</b>	<b>\$ 5,322</b>	<b>\$ 866,623</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 149			\$ 149
<b>Total liabilities</b>	<b>149</b>			<b>149</b>
<b>FUND BALANCES</b>				
Reserved for long-term portion of loans and notes receivable	\$ 15,859			\$ 15,859
Unreserved	653,656	\$ 191,637	\$ 5,322	850,615
<b>Total fund balances</b>	<b>669,515</b>	<b>191,637</b>	<b>5,322</b>	<b>866,474</b>
<b>Total liabilities and fund balances</b>	<b>\$ 669,664</b>	<b>\$ 191,637</b>	<b>\$ 5,322</b>	<b>\$ 866,623</b>



*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances**

**Nonmajor Debt Service Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	<b>Treasurer</b>			
	<b>General Obligation Bond Retirement and Interest Fund</b>	<b>Governor's Office of Management and Budget</b>	<b>Other</b>	<b>Total</b>
<b>REVENUES</b>				
Licenses and fees	\$ 188			\$ 188
Interest and other investment income	30,260	\$ 14,829	\$ 41	45,130
<b>Total revenues</b>	<b>30,448</b>	<b>14,829</b>	<b>41</b>	<b>45,318</b>
<b>EXPENDITURES</b>				
Current:				
General government		124		124
Employment and economic development		26		26
Debt service:				
Principal	776,145	153,115	4,640	933,900
Interest	969,121	126,653	3,406	1,099,180
<b>Total expenditures</b>	<b>1,745,266</b>	<b>279,918</b>	<b>8,046</b>	<b>2,033,230</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,714,818)</b>	<b>(265,089)</b>	<b>(8,005)</b>	<b>(1,987,912)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in	4,125,519	305,421	8,132	4,439,072
Transfers-out	(2,401,409)	(34,535)		(2,435,944)
<b>Net other sources (uses) of financial resources</b>	<b>1,724,110</b>	<b>270,886</b>	<b>8,132</b>	<b>2,003,128</b>
<b>Net change in fund balances</b>	<b>9,292</b>	<b>5,797</b>	<b>127</b>	<b>15,216</b>
Fund balances, July 1, 2007	660,223	185,840	5,195	851,258
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 669,515</b>	<b>\$ 191,637</b>	<b>\$ 5,322</b>	<b>\$ 866,474</b>

*State of Illinois***Combining Balance Sheet - Nonmajor Debt Service Funds****Governor's Office of Management and Budget**

June 30, 2008 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 8,211	\$ 2,879	\$ 11,090
Cash and cash equivalents	16,699	111,540	128,239
Investments		51,412	51,412
Other receivables, net	23	873	896
<b>Total assets</b>	<b>\$ 24,933</b>	<b>\$ 166,704</b>	<b>\$ 191,637</b>
<b>FUND BALANCES</b>			
Unreserved	\$ 24,933	\$ 166,704	\$ 191,637
<b>Total fund balances</b>	<b>24,933</b>	<b>166,704</b>	<b>191,637</b>
<b>Total liabilities and fund balances</b>	<b>\$ 24,933</b>	<b>\$ 166,704</b>	<b>\$ 191,637</b>

**State of Illinois**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Debt Service Funds  
Governor's Office of Management and Budget**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
<b>REVENUES</b>			
Interest and other investment income	\$ 640	\$ 14,189	\$ 14,829
<b>Total revenues</b>	<u>640</u>	<u>14,189</u>	<u>14,829</u>
<b>EXPENDITURES</b>			
Current:			
General government		124	124
Employment and economic development	26		26
Debt service:			
Principal	7,610	145,505	153,115
Interest	6,236	120,417	126,653
<b>Total expenditures</b>	<u>13,872</u>	<u>266,046</u>	<u>279,918</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(13,232)</u>	<u>(251,857)</u>	<u>(265,089)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	14,094	291,327	305,421
Transfers-out		(34,535)	(34,535)
<b>Net other sources (uses) of financial resources</b>	<u>14,094</u>	<u>256,792</u>	<u>270,886</u>
<b>Net change in fund balances</b>	<u>862</u>	<u>4,935</u>	<u>5,797</u>
Fund balances, July 1, 2007	<u>24,071</u>	<u>161,769</u>	<u>185,840</u>
<b>FUND BALANCES, JUNE 30, 2008</b>	<u>\$ 24,933</u>	<u>\$ 166,704</u>	<u>\$ 191,637</u>

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## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for the acquisition and/or construction of major capital facilities.

### SIGNIFICANT NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

#### Department of Commerce and Economic Opportunity

Build Illinois Bond Fund--to account for the proceeds from bond issues of the Build Illinois Bond Program to finance improvements related to scientific research, manufacturing, and industrial development or expansion.

#### Department of Natural Resources

Conservation 2000 Projects Fund--to account for the proceeds from bond issues to finance natural resources programs.

#### Department of Transportation

Transportation Bond Series A Fund--to account for the proceeds from bond issues to finance State highway acquisition, construction, reconstruction, extension, and improvements.

Transportation Bond Series B Fund--to account for the proceeds from bond issues used to finance mass transportation and aviation infrastructure including, but not limited to, the acquisition of mass transportation equipment, including rail and bus, and other equipment for counties under the Regional Transportation Authority.

#### Capital Development Board

Capital Development Fund--to account for the proceeds from bond issues to finance capital development projects within the State.

School Construction Fund--to account for the proceeds from bond issues to finance school construction building projects.

CDB Contributory Trust Fund--to account for local, state, and federal funding for the construction and remodeling of buildings and the purchase of land and equipment in connection with the various contributing educational institutions, State departments, and agencies as authorized by law.

State of Illinois

Combining Balance Sheet  
Nonmajor Capital Projects Funds

June 30, 2008 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total
	Build Illinois Bond					
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 21,108	\$ 2,473	\$ 12,695	\$ 55,576	\$ 860	\$ 92,712
Cash and cash equivalents	621		2,130	5,199	11	7,961
Receivables, net						
Intergovernmental				432		432
Other			9			9
Due from other funds	209		5	2,081	110	2,405
<b>Total assets</b>	<b>\$ 21,938</b>	<b>\$ 2,473</b>	<b>\$ 14,839</b>	<b>\$ 63,288</b>	<b>\$ 981</b>	<b>\$ 103,519</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 4,889	\$ 7	\$ 4,376	\$ 26,254		\$ 35,526
Intergovernmental payables			10,724			10,724
Due to other funds			569	74	\$ 5	648
Due to component units				328		328
Unearned revenue				9,907		9,907
<b>Total liabilities</b>	<b>4,889</b>	<b>7</b>	<b>15,669</b>	<b>36,563</b>	<b>5</b>	<b>57,133</b>
<b>FUND BALANCES</b>						
Reserved for encumbrances				138		138
Unreserved:						
Designated for reappropriated accounts	17,049	5	4,933	25,129		47,116
Undesignated		2,461	(5,763)	1,458	976	(868)
<b>Total fund balances (deficits)</b>	<b>17,049</b>	<b>2,466</b>	<b>(830)</b>	<b>26,725</b>	<b>976</b>	<b>46,386</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,938</b>	<b>\$ 2,473</b>	<b>\$ 14,839</b>	<b>\$ 63,288</b>	<b>\$ 981</b>	<b>\$ 103,519</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Capital Projects Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total
	Build Illinois Bond					
<b>REVENUES</b>						
Federal government				\$ 19,038		\$ 19,038
Interest and other investment income					\$ 38	38
Other			\$ 9	7,079		7,088
<b>Total revenues</b>			9	26,117	38	26,164
<b>EXPENDITURES</b>						
Current:						
Education	\$ 26,492			75,086		101,578
General government	500			22,482		22,982
Employment and economic development	936			4,541		5,477
Transportation			62,366		1,335	63,701
Public protection and justice				3		3
Environment and business regulations	5,230	\$ 820		10,138	45	16,233
Capital outlays	1,910	99	13,023	76,810		91,842
<b>Total expenditures</b>	35,068	919	75,389	189,060	1,380	301,816
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(35,068)	(919)	(75,380)	(162,943)	(1,342)	(275,652)
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
General and special obligation bonds issued	50,000		25,000	100,000		175,000
Premiums on general and special obligation bonds issued	1,876		970	3,878		6,724
Transfers-in			22,454	5,051	1,340	28,845
Transfers-out			(7,421)	(15,049)	(10,209)	(32,679)
<b>Net other sources (uses) of financial resources</b>	51,876		41,003	93,880	(8,869)	177,890
<b>Net change in fund balances</b>	16,808	(919)	(34,377)	(69,063)	(10,211)	(97,762)
Fund balances, July 1, 2007	241	3,385	33,547	95,788	11,187	144,148
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	\$ 17,049	\$ 2,466	\$ (830)	\$ 26,725	\$ 976	\$ 46,386

*State of Illinois***Combining Balance Sheet - Nonmajor Capital Projects Funds****Transportation**

June 30, 2008 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 12,382	\$ 313	\$ 12,695
Cash and cash equivalents	2,130		2,130
Other receivables, net	9		9
Due from other funds		5	5
<b>Total assets</b>	<b>\$ 14,521</b>	<b>\$ 318</b>	<b>\$ 14,839</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,504	\$ 1,872	\$ 4,376
Intergovernmental payables		10,724	10,724
Due to other funds		569	569
<b>Total liabilities</b>	<b>2,504</b>	<b>13,165</b>	<b>15,669</b>
<b>FUND BALANCES</b>			
Unreserved:			
Designated for reappropriated accounts	4,933		4,933
Undesignated	7,084	(12,847)	(5,763)
<b>Total fund balances (deficits)</b>	<b>12,017</b>	<b>(12,847)</b>	<b>(830)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,521</b>	<b>\$ 318</b>	<b>\$ 14,839</b>



*State of Illinois*

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Capital Projects Funds  
Transportation**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
<b>REVENUES</b>			
Other	\$ 9		\$ 9
<b>Total revenues</b>	<u>9</u>		<u>9</u>
<b>EXPENDITURES</b>			
Current:			
Transportation	324	\$ 62,042	62,366
Capital outlays	11,577	1,446	13,023
<b>Total expenditures</b>	<u>11,901</u>	<u>63,488</u>	<u>75,389</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,892)</u>	<u>(63,488)</u>	<u>(75,380)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
General obligation bonds issued	10,000	15,000	25,000
Premiums on general obligation bonds issued	388	582	970
Transfers-in		22,454	22,454
Transfers-out	(7,421)		(7,421)
<b>Net other sources (uses) of financial resources</b>	<u>2,967</u>	<u>38,036</u>	<u>41,003</u>
<b>Net change in fund balances</b>	<u>(8,925)</u>	<u>(25,452)</u>	<u>(34,377)</u>
Fund balances, July 1, 2007	20,942	12,605	33,547
<b>FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<u>\$ 12,017</u>	<u>\$ (12,847)</u>	<u>\$ (830)</u>

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2008 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 37,586	\$ 5,287	\$ 12,703	\$ 55,576
Cash and cash equivalents	4,615		584	5,199
Intergovernmental receivables, net			432	432
Due from other funds			2,081	2,081
<b>Total assets</b>	<b>\$ 42,201</b>	<b>\$ 5,287</b>	<b>\$ 15,800</b>	<b>\$ 63,288</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 22,814		\$ 3,440	\$ 26,254
Due to other funds	74			74
Due to component units	328			328
Unearned revenue			9,907	9,907
<b>Total liabilities</b>	<b>23,216</b>		<b>13,347</b>	<b>36,563</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	138			138
Unreserved:				
Designated for reappropriated accounts	18,847	\$ 3,829	2,453	25,129
Undesignated		1,458		1,458
<b>Total fund balances</b>	<b>18,985</b>	<b>5,287</b>	<b>2,453</b>	<b>26,725</b>
<b>Total liabilities and fund balances</b>	<b>\$ 42,201</b>	<b>\$ 5,287</b>	<b>\$ 15,800</b>	<b>\$ 63,288</b>

State of Illinois

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Capital Projects Funds  
Capital Development Board**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>REVENUES</b>				
Federal government			\$ 19,038	\$ 19,038
Other			7,079	7,079
<b>Total revenues</b>			<b>26,117</b>	<b>26,117</b>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 38,691	\$ 29,306	7,089	75,086
General government	22,482			22,482
Employment and economic development	4,541			4,541
Public protection and justice	3			3
Environment and business regulations	10,138			10,138
Capital outlays	57,711		19,099	76,810
<b>Total expenditures</b>	<b>133,566</b>	<b>29,306</b>	<b>26,188</b>	<b>189,060</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(133,566)</b>	<b>(29,306)</b>	<b>(71)</b>	<b>(162,943)</b>
<b>OTHER SOURCES (USES) OF</b>				
<b>FINANCIAL RESOURCES</b>				
General obligation bonds issued	100,000			100,000
Premiums on general obligation bonds issued	3,878			3,878
Transfers-in	5,051			5,051
Transfers-out	(9,207)	(5,051)	(791)	(15,049)
<b>Net other sources (uses) of financial resources</b>	<b>99,722</b>	<b>(5,051)</b>	<b>(791)</b>	<b>93,880</b>
<b>Net change in fund balances</b>	<b>(33,844)</b>	<b>(34,357)</b>	<b>(862)</b>	<b>(69,063)</b>
Fund balances, July 1, 2007	52,829	39,644	3,315	95,788
<b>FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 18,985</b>	<b>\$ 5,287</b>	<b>\$ 2,453</b>	<b>\$ 26,725</b>

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## **ENTERPRISE FUNDS**

Enterprise Funds are maintained to account for the operations where the intent of the State is to provide services to the general public in a manner similar to private business enterprises.

### **SIGNIFICANT NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

#### **Department of Revenue**

State Lottery Fund--to account for all receipts and expenses from the operation of the State Lottery. The net proceeds are transferred to the Common School Account in the General Fund.

#### **Student Assistance Commission**

Federal Student Loan Fund--to account for the Federal Family Education Loan Program which funds the repayment of guaranteed loans that have gone into default to lenders.

**State of Illinois**

**Combining Statement of Net Assets**

**Nonmajor Enterprise Funds**

June 30, 2008 (Expressed in Thousands)

	Revenue	Student Assistance Commission		
	State Lottery Fund	Federal Student Loan Fund	Other	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 10,047	\$ 50,034	\$ 104,478	\$ 164,559
Cash and cash equivalents	4,562		4,366	8,928
Investments	107		20,811	20,918
Receivables, net:				
Intergovernmental		31,910	1,844	33,754
Other	16,868	187	9,085	26,140
Due from other funds	74,669	3,697	1,457	79,823
Due from component units				
Inventories	262			262
Prepaid expenses	104		147	251
<b>Total current assets</b>	<b>106,619</b>	<b>85,828</b>	<b>142,188</b>	<b>334,635</b>
Investments	903		7,396	8,299
Capital assets not being depreciated			190	190
Capital assets being depreciated, net	380		2,213	2,593
<b>Total noncurrent assets</b>	<b>1,283</b>		<b>9,799</b>	<b>11,082</b>
<b>Total assets</b>	<b>107,902</b>	<b>85,828</b>	<b>151,987</b>	<b>345,717</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	71,048	20,289	44,244	135,581
Intergovernmental payables		6,725	3	6,728
Due to other funds	428	2,247	4,320	6,995
Due to component units			37	37
Unearned revenue	2,948		12,400	15,348
Current portion of long-term obligations	173		9,947	10,120
<b>Total current liabilities</b>	<b>74,597</b>	<b>29,261</b>	<b>70,951</b>	<b>174,809</b>
Noncurrent portion of long-term obligations	2,111		5,471	7,582
<b>Total liabilities</b>	<b>76,708</b>	<b>29,261</b>	<b>76,422</b>	<b>182,391</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	380		2,403	2,783
Net assets restricted for education	30,814	56,567		87,381
Unrestricted			73,162	73,162
<b>Total net assets</b>	<b>\$ 31,194</b>	<b>\$ 56,567</b>	<b>\$ 75,565</b>	<b>\$ 163,326</b>

**State of Illinois**

**Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Nonmajor Enterprise Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Revenue	Student Assistance Commission		
	State Lottery Fund	Federal Student Loan Fund	Other	Total
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 2,057,270	\$ 25,629	\$ 136,921	\$ 2,219,820
Interest and other investment income			54	54
Other	4,778			4,778
<b>Total operating revenues</b>	<b>2,062,048</b>	<b>25,629</b>	<b>136,975</b>	<b>2,224,652</b>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	153,104	192,771	32,009	377,884
Benefit payments and refunds			64,140	64,140
Prizes and claims	1,199,026			1,199,026
General and administrative	59,647		40,376	100,023
Depreciation	174		372	546
Other			11,343	11,343
<b>Total operating expenses</b>	<b>1,411,951</b>	<b>192,771</b>	<b>148,240</b>	<b>1,752,962</b>
<b>Operating income (loss)</b>	<b>650,097</b>	<b>(167,142)</b>	<b>(11,265)</b>	<b>471,690</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	401	1,712	5,918	8,031
Federal government		185,003		185,003
Other revenues			145	145
Other expenses			(33)	(33)
<b>Income (loss) before transfers</b>	<b>650,498</b>	<b>19,573</b>	<b>(5,235)</b>	<b>664,836</b>
Transfers-in		13,868	27,336	41,204
Transfers-out	(648,456)	(24,836)	(20,316)	(693,608)
<b>Net income</b>	<b>2,042</b>	<b>8,605</b>	<b>1,785</b>	<b>12,432</b>
Net assets, July 1, 2007, as restated	29,152	47,962	73,780	150,894
<b>NET ASSETS, JUNE 30, 2008</b>	<b>\$ 31,194</b>	<b>\$ 56,567</b>	<b>\$ 75,565</b>	<b>\$ 163,326</b>

State of Illinois

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Revenue	Student Assistance Commission Federal		
	State Lottery Fund	Student Loan Fund	Other	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from sales and services		\$ 92,703	\$ 147,615	\$ 240,318
Cash received from lottery sales (net of \$887,785 cash prizes paid by agents and \$100,871 commissions retained by agents)	\$ 1,046,496			1,046,496
Cash payments to suppliers for goods and services			(67,679)	(67,679)
Cash payments to employees for services	(107,106)		(60,475)	(167,581)
Cash payments for lottery prizes	(301,255)			(301,255)
Cash receipts from other operating activities	4,778		1,070	5,848
Cash payments for other operating activities	(53)	(253,465)	(45,889)	(299,407)
Net cash provided (used) by operating activities	642,860	(160,762)	(25,358)	456,740
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants received		179,884	160	180,044
Transfers-in to other funds		14,248	53,853	68,101
Transfers-out to other funds	(661,702)	(24,353)	(20,699)	(706,754)
Net cash provided (used) by noncapital financing activities	(661,702)	169,779	33,314	(458,609)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets			(625)	(625)
Net cash (used) by capital and related financing activities			(625)	(625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities			(22,423)	(22,423)
Proceeds from sales and maturities of investment securities			20,774	20,774
Interest and dividends on investments	401	1,785	5,745	7,931
Net cash provided by investing activities	401	1,785	4,096	6,282
<b>Net increase (decrease) in cash and cash equivalents</b>	(18,441)	10,802	11,427	3,788
Cash and cash equivalents, July 1, 2007, as restated	33,050	39,232	97,417	169,699
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	<b>\$ 14,609</b>	<b>\$ 50,034</b>	<b>\$ 108,844</b>	<b>\$ 173,487</b>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>				
Total cash and cash equivalents per statement of net assets	\$ 4,562		\$ 4,366	\$ 8,928
Add: cash equity with State Treasurer	10,047	\$ 50,034	104,478	164,559
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	<b>\$ 14,609</b>	<b>\$ 50,034</b>	<b>\$ 108,844</b>	<b>\$ 173,487</b>

(continued)



State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Revenue	Student Assistance Commission		
	State Lottery	Federal	Student Loan	
	Fund	Fund	Fund	Other
				Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
<b>OPERATING INCOME (LOSS)</b>	\$ 650,097	\$ (167,142)	\$ (11,265)	\$ 471,690
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	174			546
Provision for uncollectible accounts	396			396
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	3,364	(103)	(292)	2,969
(Increase) decrease in intergovernmental receivables			745	745
(Increase) decrease in due from other funds	107	33	(10)	130
(Increase) decrease in due from component units			21	21
(Increase) decrease in inventory	27			27
(Increase) decrease in prepaid expenses	237		21	258
Increase (decrease) in accounts payable and accrued liabilities	(4,639)	8,158	(8,446)	(4,927)
Increase (decrease) in intergovernmental payables		(2,087)	(2)	(2,089)
Increase (decrease) in due to other funds	(3,445)	379	(43)	(3,109)
Increase (decrease) in due to component units	(1)		(6,616)	(6,617)
Increase (decrease) in unearned revenue	(3,490)		416	(3,074)
Increase (decrease) in other liabilities	33		(259)	(226)
Total adjustments	(7,237)	6,380	(14,093)	(14,950)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 642,860	\$ (160,762)	\$ (25,358)	\$ 456,740
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Loss on disposal of assets			\$ (33)	\$ (33)

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## INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies or governmental units on a cost-reimbursement basis.

### SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

#### Office of the Auditor General

Audit Expense Fund--to account for the costs in association with conducting audits in accordance with State Auditing Act .

#### Department of Central Management Services

Statistical Services Revolving Fund--to account for the purchase, maintenance, and operation of electronic data processing and information devices used by State agencies. Revenues consist of charges from the user agencies.

Communications Revolving Fund--to account for the expenses related to telecommunications services for State agencies. Revenues consist of charges from user agencies.

Facilities Management Fund--to account for rental, maintenance, and other expenses related to the use of buildings by State agencies. Revenues consist of charges from user agencies.

Professional Services--to account for the cost of professional services rendered by the Department of Central Management Services on behalf of other agencies. Revenues consist of charges from user agencies.

Workers' Compensation Revolving Fund--to account for workers' compensation expenses of State employees. Revenues consist of charges from the funds which paid the employees during the employees' active service.

Group Insurance Fund--to account for the self-insurance portion of the life insurance plan for State employees, retirees and qualified dependents. This fund records all contributions, appropriations, interest, dividends, and expenses related to the plan.

#### Department of Corrections

Working Capital Revolving Fund--to account for the income and expenses associated with the production by factories, farms and service programs at several State correctional facilities for use by other State agencies.

#### Department of Healthcare and Family Services

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees, retirees and qualified dependents. This fund records all contributions, appropriations, interest, dividends, and expenses related to the plan.

**State of Illinois**

**Combining Statement of Net Assets**

**Internal Service Funds**

June 30, 2008 (Expressed in Thousands)

	<u>Auditor General</u>		<u>Corrections</u>		<u>Healthcare and Family Services</u>		
	<u>Audit Expense Fund</u>	<u>Central Management Services</u>	<u>Working Capital Revolving Fund</u>	<u>Health Insurance Reserve Fund</u>	<u>Other</u>	<u>Total</u>	
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 13,468	\$ 67,131	\$ 3,233	\$ 51,095	\$ 3,537	\$ 138,464	
Cash and cash equivalents		3,594		31,927		35,521	
Receivables, net:							
Intergovernmental		951		8,347	73	9,371	
Other		6,169	443	10,556	16	17,184	
Due from other funds	303	332,846	4,628	171,094	9,978	518,849	
Due from component units	1,170	1,805	29	7,848	30	10,882	
Inventories			10,515		2,161	12,676	
Prepaid expenses		494	6			500	
<b>Total current assets</b>	<b>14,941</b>	<b>412,990</b>	<b>18,854</b>	<b>280,867</b>	<b>15,795</b>	<b>743,447</b>	
Capital assets not being depreciated		38,369				38,369	
Capital assets being depreciated, net		247,746	3,514	12	709	251,981	
<b>Total noncurrent assets</b>		<b>286,115</b>	<b>3,514</b>	<b>12</b>	<b>709</b>	<b>290,350</b>	
<b>Total assets</b>	<b>14,941</b>	<b>699,105</b>	<b>22,368</b>	<b>280,879</b>	<b>16,504</b>	<b>1,033,797</b>	
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	4,037	44,221	2,863	279,960	6,987	338,068	
Intergovernmental payables		14,864		6	5	14,875	
Due to other funds	2	15,858	359	547	1,472	18,238	
Due to component units		2,464	10			2,474	
Unearned revenue		1,755			2	1,757	
Current portion of long-term liabilities		117,414	129	20	304	117,867	
<b>Total current liabilities</b>	<b>4,039</b>	<b>196,576</b>	<b>3,361</b>	<b>280,533</b>	<b>8,770</b>	<b>493,279</b>	
Noncurrent portion of long-term liabilities		162,652	1,367	346	2,080	166,445	
<b>Total liabilities</b>	<b>4,039</b>	<b>359,228</b>	<b>4,728</b>	<b>280,879</b>	<b>10,850</b>	<b>659,724</b>	
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt		246,983	3,485	12	(109)	250,371	
Restricted for debt service		3,594				3,594	
Unrestricted	10,902	89,300	14,155	(12)	5,763	120,108	
<b>Total net assets</b>	<b>\$ 10,902</b>	<b>\$ 339,877</b>	<b>\$ 17,640</b>	<b>\$ -- --</b>	<b>\$ 5,654</b>	<b>\$ 374,073</b>	

*State of Illinois*

**Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Internal Service Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	<u>Auditor General</u>		<u>Corrections</u>	<u>Healthcare and Family Services</u>		
	<u>Audit Expense Fund</u>	<u>Central Management Services</u>	<u>Working Capital Revolving Fund</u>	<u>Health Insurance Reserve Fund</u>	<u>Other</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for sales and services	\$ 21,745	\$ 639,123	\$ 40,800	\$ 1,756,113	\$ 45,633	\$ 2,503,414
Other			2,153		112	2,265
<b>Total operating revenues</b>	<b>21,745</b>	<b>639,123</b>	<b>42,953</b>	<b>1,756,113</b>	<b>45,745</b>	<b>2,505,679</b>
<b>OPERATING EXPENSES</b>						
Cost of sales and services	15,738	432,342	24,880		38,555	511,515
Benefit payments and refunds		143,360		1,777,992		1,921,352
Interest				2,493		2,493
General and administrative		22,446	15,543	12,203	6,305	56,497
Depreciation		30,356	1,305	4	289	31,954
Other		13,124			381	13,505
<b>Total operating expenses</b>	<b>15,738</b>	<b>641,628</b>	<b>41,728</b>	<b>1,792,692</b>	<b>45,530</b>	<b>2,537,316</b>
<b>Operating income (loss)</b>	<b>6,007</b>	<b>(2,505)</b>	<b>1,225</b>	<b>(36,579)</b>	<b>215</b>	<b>(31,637)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment income		2,092		4,118		6,210
Interest expense		(2,245)	(2)			(2,247)
Federal government				32,461		32,461
Other expenses		(45)			(8)	(53)
<b>Income (loss) before contributions and transfers</b>	<b>6,007</b>	<b>(2,703)</b>	<b>1,223</b>	<b>-- --</b>	<b>207</b>	<b>4,734</b>
Contributions of capital assets		6,880				6,880
Transfers-out		(1,408)				(1,408)
<b>Net income</b>	<b>6,007</b>	<b>2,769</b>	<b>1,223</b>	<b>-- --</b>	<b>207</b>	<b>10,206</b>
Net assets, July 1, 2007	4,895	337,108	16,417		5,447	363,867
<b>NET ASSETS, JUNE 30, 2008</b>	<b>\$ 10,902</b>	<b>\$ 339,877</b>	<b>\$ 17,640</b>	<b>\$ -- --</b>	<b>\$ 5,654</b>	<b>\$ 374,073</b>

State of Illinois

**Combining Statement of Cash Flows**  
**Internal Service Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Auditor General		Corrections	Healthcare and Family Services		
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Health Insurance Reserve Fund	Other	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from sales and services	\$ 3,418	\$ 17,671	\$ 12,436	\$ 350,265	\$ 699	\$ 384,489
Cash received from transactions with other funds	18,178	594,773	29,737	1,327,177	46,236	2,016,101
Cash payments to suppliers for goods and services	(16,194)	(358,986)	(25,425)	(1,757,456)	(32,601)	(2,190,662)
Cash payments to employees for services	(177)	(114,882)	(14,576)	(6,840)	(12,429)	(148,904)
Cash payments for workers compensation		(111,867)				(111,867)
Cash receipts from other operating activities			348	36,381	112	36,841
Net cash provided (used) by operating activities	5,225	26,709	2,520	(50,473)	2,017	(14,002)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grants received				33,182		33,182
Transfers-out to other funds		(1,212)				(1,212)
Net cash provided (used) by noncapital financing activities		(1,212)		33,182		31,970
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets		(15,022)	(187)	(16)	(16)	(15,241)
Principal paid on capital debt		(6,246)	(23)		(211)	(6,480)
Interest paid on capital debt		(2,310)	(2)			(2,312)
Net cash (used) by capital and related financing activities		(23,578)	(212)	(16)	(227)	(24,033)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends on investments		2,129		4,282		6,411
Net cash provided by investing activities		2,129		4,282		6,411
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,225</b>	<b>4,048</b>	<b>2,308</b>	<b>(13,025)</b>	<b>1,790</b>	<b>346</b>
Cash and cash equivalents, July 1, 2007	8,243	66,677	925	96,047	1,747	173,639
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	<b>\$ 13,468</b>	<b>\$ 70,725</b>	<b>\$ 3,233</b>	<b>\$ 83,022</b>	<b>\$ 3,537</b>	<b>\$ 173,985</b>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>						
Total cash and cash equivalents per statement of net assets		\$ 3,594		\$ 31,927		\$ 35,521
Add: cash equity with State Treasurer	\$ 13,468	67,131	\$ 3,233	51,095	\$ 3,537	138,464
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	<b>\$ 13,468</b>	<b>\$ 70,725</b>	<b>\$ 3,233</b>	<b>\$ 83,022</b>	<b>\$ 3,537</b>	<b>\$ 173,985</b>

(continued)

State of Illinois

**Combining Statement of Cash Flows  
Internal Service Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)  
(continued)

	Auditor General		Corrections		Healthcare and Family Services			
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Health Insurance Reserve Fund	Other	Total		
<b>Reconciliation of operating income (loss) to net</b>								
<b>cash provided (used) by operating activities:</b>								
<b>OPERATING INCOME (LOSS)</b>	\$ 6,007	\$ (2,505)	\$ 1,225	\$ (36,579)	\$ 215	\$ (31,637)		
<b>Adjustments to reconcile operating income (loss)</b>								
to net cash provided (used) by operating activities:								
Depreciation		30,356	1,305	4	289	31,954		
Provision for uncollectible accounts		80				80		
<b>Changes in assets and liabilities:</b>								
(Increase) decrease in accounts receivable		2,381	(133)	201	2	2,451		
(Increase) decrease in intergovernmental receivables		(387)	14		(18)	(391)		
(Increase) decrease in due from other funds	47	(26,209)	(286)	(77,312)	1,353	(102,407)		
(Increase) decrease in due from component units	(196)	(671)	(27)	(715)	(26)	(1,635)		
(Increase) decrease in inventories			80		(436)	(356)		
(Increase) decrease in prepaid expenses		117	10			127		
Increase (decrease) in accounts payable and accrued liabilities	(634)	(142)	49	64,574	30	63,877		
Increase (decrease) in intergovernmental payables		(10,899)		2	4	(10,893)		
Increase (decrease) in due to other funds	1	3,160	352	(693)	596	3,416		
Increase (decrease) in due to component units		(326)	10			(316)		
Increase (decrease) in unearned revenue		1,583			(9)	1,574		
Increase (decrease) in other liabilities		30,171	(79)	45	17	30,154		
Total adjustments	(782)	29,214	1,295	(13,894)	1,802	17,635		
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 5,225</b>	<b>\$ 26,709</b>	<b>\$ 2,520</b>	<b>\$ (50,473)</b>	<b>\$ 2,017</b>	<b>\$ (14,002)</b>		
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>								
<b>Cost of capital asset acquisitions financed</b>								
by capital leases			\$ 52			\$ 52		
Cost of installment purchases		\$ 421			\$ 254	\$ 675		
Loss on disposal of capital assets		\$ (45)			\$ (8)	\$ (53)		
Transfer of assets from other state funds		\$ 6,684				\$ 6,684		

## Combining Statement of Net Assets - Internal Service Funds

## Central Management Services

June 30, 2008 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Group Insurance Fund	Total
<b>ASSETS</b>							
Cash equity with State Treasurer	\$ 9,203	\$ 7,729	\$ 16,338	\$ 9,398	\$ 15,723	\$ 8,740	\$ 67,131
Cash and cash equivalents			3,594				3,594
Receivables, net:							
Intergovernmental		951					951
Other		1,614	48	16	28	4,463	6,169
Due from other funds	40,997	30,233	45,821	1,574	214,215	6	332,846
Due from component units	23	1,450	5			327	1,805
Prepaid expenses	494						494
<b>Total current assets</b>	<b>50,717</b>	<b>41,977</b>	<b>65,806</b>	<b>10,988</b>	<b>229,966</b>	<b>13,536</b>	<b>412,990</b>
Capital assets not being depreciated			38,369				38,369
Capital assets being depreciated, net	10,583	22,112	215,051				247,746
<b>Total noncurrent assets</b>	<b>10,583</b>	<b>22,112</b>	<b>253,420</b>				<b>286,115</b>
<b>Total assets</b>	<b>61,300</b>	<b>64,089</b>	<b>319,226</b>	<b>10,988</b>	<b>229,966</b>	<b>13,536</b>	<b>699,105</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	7,001	15,074	15,635	1,261	45	5,205	44,221
Intergovernmental payables	9,815	3,545	1,492	4	8		14,864
Due to other funds	6,316	627	471	77	36	8,331	15,858
Due to component units		88	2,375		1		2,464
Unearned revenue	32		1,723				1,755
Current portion of long-term liabilities	1,506	2,144	2,684	49	111,031		117,414
<b>Total current liabilities</b>	<b>24,670</b>	<b>21,478</b>	<b>24,380</b>	<b>1,391</b>	<b>111,121</b>	<b>13,536</b>	<b>196,576</b>
Noncurrent portion of long-term liabilities	6,770	2,907	33,454	676	118,845		162,652
<b>Total liabilities</b>	<b>31,440</b>	<b>24,385</b>	<b>57,834</b>	<b>2,067</b>	<b>229,966</b>	<b>13,536</b>	<b>359,228</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	8,484	18,462	220,037				246,983
Restricted for debt service			3,594				3,594
Unrestricted	21,376	21,242	37,761	8,921			89,300
<b>Total net assets</b>	<b>\$ 29,860</b>	<b>\$ 39,704</b>	<b>\$ 261,392</b>	<b>\$ 8,921</b>	<b>\$ -- --</b>	<b>\$ -- --</b>	<b>\$ 339,877</b>



*State of Illinois*

**Combining Statement of Revenues, Expenses and  
Changes in Net Assets - Internal Service Funds  
Central Management Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Group Insurance Fund	Total
<b>OPERATING REVENUES</b>							
Charges for sales and services	\$ 125,651	\$ 128,491	\$ 205,175	\$ 11,721	\$ 142,872	\$ 25,213	\$ 639,123
<b>Total operating revenues</b>	<b>125,651</b>	<b>128,491</b>	<b>205,175</b>	<b>11,721</b>	<b>142,872</b>	<b>25,213</b>	<b>639,123</b>
<b>OPERATING EXPENSES</b>							
Cost of sales and services	119,571	87,528	190,611	9,492	8	25,132	432,342
Benefit payments and refunds					143,360		143,360
General and administrative	2,088	10,854	6,888	1,858		758	22,446
Depreciation	6,353	11,439	12,564				30,356
Other		13,124					13,124
<b>Total operating expenses</b>	<b>128,012</b>	<b>122,945</b>	<b>210,063</b>	<b>11,350</b>	<b>143,368</b>	<b>25,890</b>	<b>641,628</b>
<b>Operating income (loss)</b>	<b>(2,361)</b>	<b>5,546</b>	<b>(4,888)</b>	<b>371</b>	<b>(496)</b>	<b>(677)</b>	<b>(2,505)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest and investment income			571	348	496	677	2,092
Interest expense	(106)	(166)	(1,973)				(2,245)
Other expenses	(17)	(28)					(45)
<b>Income (loss) before contributions and transfers</b>	<b>(2,484)</b>	<b>5,352</b>	<b>(6,290)</b>	<b>719</b>	<b>-- --</b>	<b>-- --</b>	<b>(2,703)</b>
Contributions of capital assets	1,212	319	5,349				6,880
Transfers-out	(1,216)	(192)					(1,408)
<b>Net income (loss)</b>	<b>(2,488)</b>	<b>5,479</b>	<b>(941)</b>	<b>719</b>	<b>-- --</b>	<b>-- --</b>	<b>2,769</b>
Net assets, July 1, 2007	32,348	34,225	262,333	8,202			337,108
<b>NET ASSETS, JUNE 30, 2008</b>	<b>\$ 29,860</b>	<b>\$ 39,704</b>	<b>\$ 261,392</b>	<b>\$ 8,921</b>	<b>\$ -- --</b>	<b>\$ -- --</b>	<b>\$ 339,877</b>

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Group Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from sales and services		\$ 16,743	\$ 928				\$ 17,671
Cash received from transactions with other funds	\$ 115,332	97,278	211,429	\$ 10,147	\$ 124,426	\$ 36,161	594,773
Cash payments to suppliers for goods and services	(58,960)	(93,483)	(171,746)	(3,339)	(369)	(31,089)	(358,986)
Cash payments to employees for services	(61,000)	(16,327)	(28,457)	(7,491)	(1,607)		(114,882)
Cash payments for workers compensation					(111,867)		(111,867)
Net cash provided (used) by operating activities	(4,628)	4,211	12,154	(683)	10,583	5,072	26,709
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers-out to other funds	(1,212)						(1,212)
Net cash (used) by noncapital financing activities	(1,212)						(1,212)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(6,366)	(8,621)	(35)				(15,022)
Principal paid on bond maturities and equipment contracts	(1,772)	(2,021)	(2,453)				(6,246)
Interest paid on bond maturities and equipment contracts	(106)	(166)	(2,038)				(2,310)
Net cash (used) by capital and related financing activities	(8,244)	(10,808)	(4,526)				(23,578)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest and dividends on investments			581	373	489	686	2,129
Net cash provided by investing activities			581	373	489	686	2,129
<b>Net increase (decrease) in cash and cash equivalents</b>	(14,084)	(6,597)	8,209	(310)	11,072	5,758	4,048
Cash and cash equivalents, July 1, 2007	23,287	14,326	11,723	9,708	4,651	2,982	66,677
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	\$ 9,203	\$ 7,729	\$ 19,932	\$ 9,398	\$ 15,723	\$ 8,740	\$ 70,725
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>							
Total cash and cash equivalents per statement of net assets			\$ 3,594				\$ 3,594
Add: cash equity with State Treasurer	\$ 9,203	\$ 7,729	16,338	\$ 9,398	\$ 15,723	\$ 8,740	67,131
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	\$ 9,203	\$ 7,729	\$ 19,932	\$ 9,398	\$ 15,723	\$ 8,740	\$ 70,725
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
<b>OPERATING INCOME (LOSS)</b>	\$ (2,361)	\$ 5,546	\$ (4,888)	\$ 371	\$ (496)	\$ (677)	\$ (2,505)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	6,353	11,439	12,564				30,356
Provision for uncollectible accounts		80					80
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable		(1,384)	6			3,759	2,381
(Increase) decrease in intergovernmental receivables		(387)					(387)
(Increase) decrease in due from other funds	(5,591)	(5,896)	5,280	(1,574)	(18,446)	18	(26,209)
(Increase) decrease in due from component units	(8)	(735)	178			(106)	(671)
(Increase) decrease in prepaid expenses	117						117
Increase (decrease) in accounts payable and accrued liabilities	(1,673)	3,466	(2,513)	396	(24)	206	(142)
Increase (decrease) in intergovernmental payables	(4,708)	(6,153)	(49)	3	8		(10,899)
Increase (decrease) in due to other funds	3,175	(1,917)	51	(4)	(17)	1,872	3,160
Increase (decrease) in due to component units		83	(410)		1		(326)
Increase (decrease) in unearned revenue	(128)	(7)	1,718				1,583
Increase (decrease) in other liabilities	196	76	217	125	29,557		30,171
Total adjustments	(2,267)	(1,335)	17,042	(1,054)	11,079	5,749	29,214
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ (4,628)	\$ 4,211	\$ 12,154	\$ (683)	\$ 10,583	\$ 5,072	\$ 26,709
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Cost of installment purchases	\$ 421						\$ 421
Loss on disposal of capital assets	\$ (17)	\$ (28)					\$ (45)
Transfer of assets from other state funds	\$ 1,208	\$ 127	\$ 5,349				\$ 6,684

## **PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

The Pension (and Other Employee Benefit) Trust Funds are maintained to account for the resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans and other employee benefit plans.

### **PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS**

#### **Department of Central Management Services**

Deferred Compensation Plan--to account for the assets held in the State's Internal Revenue Code Section 457 Plan. All employees of the State are eligible to voluntarily elect to contribute a portion of their compensation to the Plan through payroll deductions.

#### **Department of Healthcare and Family Services**

Teacher Health Insurance Security-- to provide health benefits for the Teachers' Retirement System recipient and dependent beneficiaries. Premiums are collected from retired and active teachers and the insurance plan is administered by private companies.

Community College Health Insurance Security--to provide health benefits for the retirees of community colleges in the State of Illinois and dependent beneficiaries. Premiums are collected from retired and active teachers and the insurance plan is administered by private companies.

#### **General Assembly Retirement System, Judges' Retirement System, State Employees' Retirement System, Teachers' Retirement System and State Universities Retirement System**

See Note 16 on page 120 for description of retirement systems.

State of Illinois

**Combining Statement of Fiduciary Net Assets  
Pension (and Other Employee Benefit) Trust Funds**

June 30, 2008 (Expressed in Thousands)

	Central Management Services	Healthcare and Family Services				
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 4,710	\$ 68,634	\$ 7,661	\$ 2,823	\$ 19,411	\$ 306,528
Cash and cash equivalents	5,936	10,994	1,268			
Investments:						
Equities	2,165,010					
Fixed income	618,640					
Private equity						
Real estate						
Other						
Equity in Illinois State						
Board of Investments				71,924	589,156	10,653,974
Securities lending collateral						
Receivables, net:						
Members		4,598	170	159	176	8,609
Employers		3,449	169	568	3,906	
Investment income	445	125	15	6	39	627
Intergovernmental		5,137	450			
Pending investment sales						
Other	693	5,756	495		14	12,744
Due from other funds					52	
Due from primary government funds						26,481
Due from component units						
Prepaid expenses						
Capital assets not being depreciated						905
Capital assets being depreciated, net				2	4	1,816
<b>Total assets</b>	<b>2,795,434</b>	<b>98,693</b>	<b>10,228</b>	<b>75,482</b>	<b>612,758</b>	<b>11,011,684</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	2,202	35,680	2,837	6	35	5,123
Intergovernmental payables		1				
Due to other funds				52		
Due to primary government funds	50	697	54		1	10,410
Security lending collateral						
Payable to brokers for unsettled trades						
Long term obligations:						
Due within one year		2				12
Due subsequent to one year	138	68	5	18	41	773
<b>Total liabilities</b>	<b>2,390</b>	<b>36,448</b>	<b>2,896</b>	<b>76</b>	<b>77</b>	<b>16,318</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS</b>						
	<b>\$ 2,793,044</b>	<b>\$ 62,245</b>	<b>\$ 7,332</b>	<b>\$ 75,406</b>	<b>\$ 612,681</b>	<b>\$ 10,995,366</b>

State Universities Retirement System			
Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 3,294			\$ 413,061
357,762	\$ 797,620		1,173,580
19,343,733	8,697,596	\$ 353,325	30,559,664
8,796,493	5,610,497	88,251	15,113,881
2,399,224			2,399,224
4,794,916	351,998	1,144	5,148,058
3,517,293	432,417	170,696	4,120,406
			11,315,054
4,445,553	2,046,537		6,492,090
97,120	8,025	1,883	120,740
15,509	2,107	1,086	26,794
286,809	39,705		327,771
			5,587
2,275,686	841,132		3,116,818
	542		20,244
			52
	30		26,511
	2,953		2,953
4,672	8		4,680
238	532		1,675
2,311	6,399		10,532
46,340,613	18,838,098	616,385	80,399,375
151,382	19,720		216,985
			1
			52
25			11,237
4,445,553	2,046,537		6,492,090
3,311,533	2,184,482		5,496,015
	30		44
1,397	1,004		3,444
7,909,890	4,251,773		12,219,868
\$ 38,430,723	\$ 14,586,325	\$ 616,385	\$ 68,179,507

**State of Illinois**

**Combining Statement of Changes in Fiduciary Net Assets  
Pension (and Other Employee Benefit) Trust Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Central Management Services	Healthcare and Family Services		General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security			
<b>ADDITIONS</b>						
Contributions:						
Employer		\$ 63,458	\$ 3,716	\$ 6,810	\$ 46,978	\$ 587,733
State		68,596	4,740			
Members:						
Employees	\$ 175,579	84,611	3,716	1,773	15,443	249,955
Retirees		140,248	11,482			
Federal Medicare Part D		19,930	1,737			
Other	3,985	209	12			
Total contributions	179,564	377,052	25,403	8,583	62,421	837,688
Investment income:						
Interest and other investment income	212,632	3,122	434	2,297	18,023	327,328
Net (decrease) in fair value of investments	(503,141)			(6,735)	(53,819)	(968,688)
Reimbursements of expenses not separable from investment income	3,083					
Less investment expense	(580)			(270)	(2,180)	(39,400)
Net investment income	(288,006)	3,122	434	(4,708)	(37,976)	(680,760)
<b>Total additions</b>	<b>(108,442)</b>	<b>380,174</b>	<b>25,837</b>	<b>3,875</b>	<b>24,445</b>	<b>156,928</b>
<b>DEDUCTIONS</b>						
Benefit payments	161,415	380,852	27,610	15,259	80,513	1,214,116
Refunds	36			148	842	16,818
Depreciation				1	1	212
General and administration	3,427	2,867	457	243	499	9,325
<b>Total deductions</b>	<b>164,878</b>	<b>383,719</b>	<b>28,067</b>	<b>15,651</b>	<b>81,855</b>	<b>1,240,471</b>
<b>Net additions (deductions)</b>	<b>(273,320)</b>	<b>(3,545)</b>	<b>(2,230)</b>	<b>(11,776)</b>	<b>(57,410)</b>	<b>(1,083,543)</b>
Net assets held in trust for pension and other employee benefits, July 1, 2007	3,066,364	65,790	9,562	87,182	670,091	12,078,909
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2008</b>	<b>\$ 2,793,044</b>	<b>\$ 62,245</b>	<b>\$ 7,332</b>	<b>\$ 75,406</b>	<b>\$ 612,681</b>	<b>\$ 10,995,366</b>

State Universities Retirement System			
Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 129,858	\$ 38,030	\$ 5,548	\$ 882,131
1,039,195	306,914	33,406	1,452,851
865,400	264,150	45,952	1,706,579
			151,730
			21,667
2,736			6,942
2,037,189	609,094	84,906	4,221,900
1,575,602	262,471		2,401,909
(3,235,739)	(899,180)	(39,127)	(5,706,429)
			3,083
(354,766)	(39,013)		(436,209)
(2,014,903)	(675,722)	(39,127)	(3,737,646)
22,286	(66,628)	45,779	484,254
3,423,982	1,275,714	3,459	6,582,920
60,286	44,984	9,955	133,069
386	870		1,470
16,227	11,209		44,254
3,500,881	1,332,777	13,414	6,761,713
(3,478,595)	(1,399,405)	32,365	(6,277,459)
41,909,318	15,985,730	584,020	74,456,966
\$ 38,430,723	\$ 14,586,325	\$ 616,385	\$ 68,179,507

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## INVESTMENT TRUST FUNDS

Investment Trust Funds are maintained to account for the external portion of investment pools (the portion that belongs to legally separate entities that are not part of the sponsoring government's financial reporting entity).

### INVESTMENT TRUST FUNDS DESCRIPTIONS

#### **Treasurer**

Public Treasurers' External Investment Pool Fund--to enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The pool operates as an open-ended mutual fund.

#### **Department of Revenue**

Deferred Prize Winners' Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the Director of the Department of Revenue's approval in a manner which ensures the timely payment to prize winners.

Combining Statement of Fiduciary Net Assets

Investment Trust Funds

June 30, 2008 (Expressed in Thousands)

	Treasurer	Revenue	
	Public		
	Treasurers'		
	External		
	Investment	Deferred Prize	
	Pool	Winners' Trust	
	Fund	Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer		\$ 1,684	\$ 1,684
Cash and cash equivalents	\$ 5,005,376		5,005,376
Fixed income investments	656,232	569,503	1,225,735
Investment income receivables, net	1,512		1,512
<b>Total assets</b>	<b>5,663,120</b>	<b>571,187</b>	<b>6,234,307</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	185		185
Due to primary government funds	359	336	695
Other liabilities		1,348	1,348
<b>Total liabilities</b>	<b>544</b>	<b>1,684</b>	<b>2,228</b>
<b>NET ASSETS HELD IN TRUST FOR</b>			
<b>POOL PARTICIPANTS</b>	<b>\$ 5,662,576</b>	<b>\$ 569,503</b>	<b>\$ 6,232,079</b>

**State of Illinois**

**Combining Statement of Changes in Fiduciary Net Assets  
Investment Trust Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Treasurer	Revenue	
	Public Treasurers' External Investment Pool Fund	Deferred Prize Winners' Trust Fund	Total
<b>ADDITIONS</b>			
Investment income:			
Interest and other investment income	\$ 201,062	\$ 39,345	\$ 240,407
Net increase in fair value of investments		18,574	18,574
Less investment expense	(5,084)		(5,084)
Net investment income	195,978	57,919	253,897
Capital share and individual account transactions:			
Shares sold	10,026,250	76,072	10,102,322
Reinvested distributions	195,978		195,978
Shares redeemed	(9,947,165)	(189,016)	(10,136,181)
Net capital share and individual account transactions	275,063	(112,944)	162,119
<b>Total additions</b>	<b>471,041</b>	<b>(55,025)</b>	<b>416,016</b>
<b>DEDUCTIONS</b>			
Distribution to pool investors	195,978		195,978
<b>Total deductions</b>	<b>195,978</b>		<b>195,978</b>
<b>Net additions (deductions)</b>	<b>275,063</b>	<b>(55,025)</b>	<b>220,038</b>
Net assets held in trust for pool participants, July 1, 2007	5,387,513	624,528	6,012,041
<b>NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2008</b>	<b>\$ 5,662,576</b>	<b>\$ 569,503</b>	<b>\$ 6,232,079</b>

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## **PRIVATE-PURPOSE TRUST FUNDS**

Private-Purpose Trust Funds are maintained to account for resources legally held in trust for use by individuals, private organizations and other governments. There is no requirement that any portion of these resources be preserved as capital.

### **SIGNIFICANT PRIVATE-PURPOSE TRUST FUND DESCRIPTIONS**

#### **Treasurer**

College Savings Pool Fund--to account for assets held by the Bright Start College Savings Program, a qualified State tuition program under Section 529 of the Internal Revenue Code. The program provides an opportunity for investors to invest on a tax-favored basis toward the qualified higher education expenses of a designated beneficiary associated with attending an institution of higher education.

Combining Statement of Fiduciary Net Assets

Private-Purpose Trust Funds

June 30, 2008 (Expressed in Thousands)

	Treasurer		
	College Savings Pool Fund	Other	Total
<b>ASSETS</b>			
Cash equity with State Treasurer		\$ 1,169	\$ 1,169
Cash and cash equivalents	\$ 81,605	50	81,655
Investments:			
Equities	2,709,545	245	2,709,790
Fixed income		111	111
Receivables, net			
Investment income	7,218	2	7,220
Other		5	5
Loans and notes receivable, net		84	84
<b>Total assets</b>	<b>2,798,368</b>	<b>1,666</b>	<b>2,800,034</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	677	5	682
Other liabilities	6,873		6,873
<b>Total liabilities</b>	<b>7,550</b>	<b>5</b>	<b>7,555</b>
<b>NET ASSETS</b>			
Net assets held in trust for other purposes	\$ 2,790,818	\$ 1,661	\$ 2,792,479

**State of Illinois**

**Combining Statement of Changes in Net Fiduciary Assets**

**Private-Purpose Trust Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	<b>Treasurer</b>		
	<b>College Savings Pool Fund</b>	<b>Other</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Participants	\$ 1,399,821		\$ 1,399,821
Other		\$ 22	22
Total contributions	1,399,821	22	1,399,843
Investment income:			
Interest and other investment income	73,053	55	73,108
Net (decrease) in fair value of investments	(287,125)	(12)	(287,137)
Net investment income	(214,072)	43	(214,029)
<b>Total additions</b>	1,185,749	65	1,185,814
<b>DEDUCTIONS</b>			
Payments in accordance with trust agreements	910,879		910,879
General and administrative	9,624	19	9,643
<b>Total deductions</b>	920,503	19	920,522
<b>Net additions</b>	265,246	46	265,292
Net assets held in trust for other purposes, July 1, 2007	2,525,572	1,615	2,527,187
<b>NET ASSETS HELD IN TRUST FOR OTHER PURPOSES, JUNE 30, 2008</b>	<b>\$ 2,790,818</b>	<b>\$ 1,661</b>	<b>\$ 2,792,479</b>

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## AGENCY FUNDS

Agency funds are maintained to account for resources held by the State in a purely custodial capacity.

### SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

#### Department of Financial and Professional Regulation

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations, and creditors of the companies.

#### Department of Healthcare and Family Services

Child Support Enforcement Trust Administrative Fund--to account for collections for child support payments on behalf of non-TANF child support clients to the appropriate non-TANF recipient.

#### Department of Revenue

Home Rule Municipal Retailers Occupation Tax Fund--to receive and record monies collected from a tax imposed upon all persons, in such municipality, in the business of selling tangible personal property.

Home Rule County Retailers Occupation Tax Fund--to receive and record monies collected from a tax imposed upon all persons, in such county, in the business of selling tangible personal property.

Municipal Telecommunications Fund--to receive monies collected under the Simplified Municipal Telecommunications Act to be paid to the municipalities who imposed the tax under the Act.

RTA Sales Tax Trust Fund--to receive and record deposits of the RTA Sales Tax.

State of Illinois

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2008 (Expressed in Thousands)

	Financial and Professional Regulation	Healthcare and Family Services Child Support Enforcement Trust Administrative Fund	Revenue	Other	Total
<b>ASSETS</b>					
Cash equity with State Treasurer		\$ 16,445	\$ 353,578	\$ 93,231	\$ 463,254
Cash and cash equivalents	\$ 730	274		23,997	25,001
Investments	851,865			36,085	887,950
Receivables, net					
Taxes			115,881	26,460	142,341
Intergovernmental				431	431
Other		199,758	424	1,236	201,418
Due from primary government funds			30,937	1,467	32,404
Due from component units				935	935
Other assets				249	249
<b>Total assets</b>	<b>\$ 852,595</b>	<b>\$ 216,477</b>	<b>\$ 500,820</b>	<b>\$ 184,091</b>	<b>\$ 1,753,983</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities		\$ 17,294	\$ 1,556	\$ 20,987	\$ 39,837
Intergovernmental payables			499,264	100,856	600,120
Due to component units				72	72
Depository and other liabilities	\$ 852,595	199,183		62,176	1,113,954
<b>Total liabilities</b>	<b>\$ 852,595</b>	<b>\$ 216,477</b>	<b>\$ 500,820</b>	<b>\$ 184,091</b>	<b>\$ 1,753,983</b>

*State of Illinois***Combining Statement of Fiduciary Net Assets - Agency Funds****Revenue**

June 30, 2008 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 106,776	\$ 42,913	\$ 49,034	\$ 154,855	\$ 353,578
Receivables, net					
Taxes	39,661	17,163	24,780	34,277	115,881
Other	155	65		204	424
Due from primary government funds				30,937	30,937
<b>Total assets</b>	<b>\$ 146,592</b>	<b>\$ 60,141</b>	<b>\$ 73,814</b>	<b>\$ 220,273</b>	<b>\$ 500,820</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,556				\$ 1,556
Intergovernmental payables	145,036	\$ 60,141	\$ 73,814	\$ 220,273	499,264
<b>Total liabilities</b>	<b>\$ 146,592</b>	<b>\$ 60,141</b>	<b>\$ 73,814</b>	<b>\$ 220,273</b>	<b>\$ 500,820</b>

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Assets						
	Cash equity with State Treasurer	Cash and cash equivalents	Investments	Receivables, net			Due from primary government funds
				Taxes	Intergovernmental	Other	
AGENCY/FUND							
Financial and Professional Regulation:							
Security Deposit Fund							
Balance July 1, 2007		\$ 1,119	\$ 830,515				
Additions		19,062	355,862				
Deductions		19,451	334,512				
Balance June 30, 2008		730	851,865				
Healthcare and Family Services:							
Child Support Enforcement Trust							
Administrative Fund							
Balance July 1, 2007	\$ 10,189	183				\$ 171,903	
Additions	154,525	63,101				182,380	
Deductions	148,269	63,010				154,525	
Balance June 30, 2008	16,445	274				199,758	
Revenue:							
Home Rule Municipal Retailers							
Occupation Tax Fund							
Balance July 1, 2007	75,799			\$ 43,681		179	\$ 20,485
Additions	769,930			742,636		2,765	
Deductions	738,953			746,656		2,789	20,485
Balance June 30, 2008	106,776			39,661		155	-- --
Home Rule County Retailers							
Occupation Tax Fund							
Balance July 1, 2007	36,365			17,337		94	
Additions	325,494			323,980		1,311	
Deductions	318,946			324,154		1,340	
Balance June 30, 2008	42,913			17,163		65	
Municipal Telecommunications Fund							
Balance July 1, 2007	41,903			8,493			20,807
Additions	295,722			312,009			
Deductions	288,591			295,722			20,807
Balance June 30, 2008	49,034			24,780			-- --
RTA Sales Tax Trust Fund							
Balance July 1, 2007	66,334			32,543		180	25,524
Additions	822,078			696,069		2,333	130,847
Deductions	733,557			694,335		2,309	125,434
Balance June 30, 2008	154,855			34,277		204	30,937
Other:							
Balance July 1, 2007*	76,008	30,460	36,817	31,135	\$ 288	1,316	2,064
Additions	1,776,502	1,205,723	9,754	420,514	15,830	1,107,822	9,148
Deductions	1,759,279	1,212,186	10,486	425,189	15,687	1,107,902	9,745
Balance June 30, 2008	93,231	23,997	36,085	26,460	431	1,236	1,467
Total-All Agency Funds:							
Balance July 1, 2007*	306,598	31,762	867,332	133,189	288	173,672	68,880
Additions	4,144,251	1,287,886	365,616	2,495,208	15,830	1,296,611	139,995
Deductions	3,987,595	1,294,647	344,998	2,486,056	15,687	1,268,865	176,471
Balance June 30, 2008	\$ 463,254	\$ 25,001	\$ 887,950	\$ 142,341	\$ 431	\$ 201,418	\$ 32,404

\* Amounts have been modified due to prior year reclassifications.

			Liabilities				
Due from component units	Other assets	Total assets	Accounts payable and accrued liabilities	Intergovernmental payables	Due to component units	Depository and other liabilities	Total liabilities
		\$ 831,634				\$ 831,634	\$ 831,634
		374,924				374,924	374,924
		353,963				353,963	353,963
		852,595				852,595	852,595
		182,275	\$ 11,218			171,057	182,275
		400,006	32,676			212,805	245,481
		365,804	26,600			184,679	211,279
		216,477	17,294			199,183	216,477
		140,144	1,549	\$ 138,595			140,144
		1,515,331	608	744,793			745,401
		1,508,883	601	738,352			738,953
		146,592	1,556	145,036			146,592
		53,796		53,796			53,796
		650,785		325,291			325,291
		644,440		318,946			318,946
		60,141		60,141			60,141
		71,203		71,203			71,203
		607,731		312,009			312,009
		605,120		309,398			309,398
		73,814		73,814			73,814
		124,581		124,581			124,581
		1,651,327		829,249			829,249
		1,555,635		733,557			733,557
		220,273		220,273			220,273
\$ 935	\$ 27,657	205,745	24,398	92,991	\$ 61	88,295	205,745
		4,546,228	1,213,473	1,379,725	323	369,621	2,963,142
	27,408	4,567,882	1,216,884	1,371,860	312	395,740	2,984,796
935	249	184,091	20,987	100,856	72	62,176	184,091
	27,657	1,609,378	37,165	481,166	61	1,090,986	1,609,378
935		9,746,332	1,246,757	3,591,067	323	957,350	5,795,497
	27,408	9,601,727	1,244,085	3,472,113	312	934,382	5,650,892
\$ 935	\$ 249	\$ 1,753,983	\$ 39,837	\$ 600,120	\$ 72	\$ 1,113,954	\$ 1,753,983

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## COMPONENT UNITS

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component Units also include certain other organizations because of the nature and significance of their relationship with the primary government.

### NONMAJOR COMPONENT UNITS DESCRIPTIONS

#### NONMAJOR AUTHORITIES

Illinois Literacy Foundation--to account for supplemental funds raised from the private sector to promote the Illinois Literacy Foundation.

Illinois Grain Insurance Corporation--to account for monies held to compensate grain producers for losses from the failure of a grain dealer.

Illinois Conservation Foundation--to provide additional funding for the Illinois Department of Natural Resources' conservation programs that either are not receiving adequate State funding or else cannot be implemented because State funding is not available.

Illinois Arts Council Foundation--to further charitable, literary and educational art awareness programs.

The Comprehensive Health Insurance Plan Board--to provide an alternate market for health insurance for eligible Illinois residents having a preexisting health condition.

East St. Louis Financial Advisory Authority--to provide a secure financial basis for and to furnish assistance to the City of East St. Louis.

Illinois Finance Authority--to provide economic development to the public and private institutions in Illinois that create and retain jobs and to improve the quality of life in Illinois by providing access to capital.

Illinois Medical District Commission--to combine the resources of diverse medical institutions to promote low cost medical care in the City of Chicago, accelerate scientific research, improve diagnostic methods and train health care professionals.

Quad Cities Regional Economic Development Authority--to promote and enhance economic development in Rock Island, Henry, Knox, and Mercer counties in northwestern Illinois.

Southwestern Illinois Development Authority--to promote and enhance economic development in St. Clair and Madison counties in southwestern Illinois.

Southeastern Illinois Economic Development Authority--to promote and enhance economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton, and White counties and Irvington Township in Washington County in southeastern Illinois.

Upper Illinois River Valley Development Authority--to promote and enhance economic development within the State's Upper Illinois River Valley.

Will-Kankakee Regional Development Authority--to promote and enhance economic development in the counties of Will and Kankakee.

IMSA Fund for Advancement of Education--to benefit, perform the function of and carry out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy.

## NONMAJOR UNIVERSITIES

Board of Trustees of Chicago State University--to operate, manage, control and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Governors State University--to operate, manage, control and maintain Governors State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Northeastern Illinois University--to operate, manage, control and maintain Northeastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.



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**State of Illinois**

**Combining Statement of Net Assets**

**Component Units - Other Authorities**

June 30, 2008 (Expressed in Thousands)

	Illinois Literacy Foundation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Illinois Arts Council Foundation	Comprehensive Health Insurance Plan Board	East St. Louis Financial Advisory Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 35	\$ 5,178	\$ 1,008	\$ 3	\$ 45,661	\$ 6,516
Investments			2,912	75		
Receivables, net:						
Intergovernmental			238			
Other		374	36		2,131	2
Due from component units						
Due from primary government		48				2
Inventories			4			
Prepaid expenses			8		3	
Unamortized bond issuance costs						
Loans and notes receivable, net						
Restricted assets:						
Cash equity with State Treasurer						
Cash and cash equivalents						
Investments						
Other receivables, net						
Loans and notes receivable, net						
Other assets						
Capital assets not being depreciated						
Capital assets being depreciated, net					27	
<b>Total assets</b>	<b>35</b>	<b>5,600</b>	<b>4,206</b>	<b>78</b>	<b>47,822</b>	<b>6,520</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities			\$ 323		\$ 2,255	\$ 2
Due to component units						
Due to primary government		935			6	
Unearned revenue		212			15,746	
Short-term notes payable						
Other liabilities					25,396	
Long-term obligations:						
Due within one year					17	1
Due subsequent to one year					257	8
<b>Total liabilities</b>		<b>1,147</b>	<b>323</b>		<b>43,677</b>	<b>11</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt					27	
Restricted for:						
Debt service						
Nonexpendable purposes			65			
Other purposes			2,229	78	4,118	
Unrestricted	35	4,453	1,589			6,509
<b>Total net assets</b>	<b>\$ 35</b>	<b>\$ 4,453</b>	<b>\$ 3,883</b>	<b>\$ 78</b>	<b>\$ 4,145</b>	<b>\$ 6,509</b>

Illinois Finance Authority	Illinois Medical District Commission	Quad Cities Regional Economic Development Authority	Southwestern Illinois Development Authority	Southeastern Illinois Economic Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	IMSA Fund for Advancement of Education	Total
\$ 26,226 6,325	\$ 146	\$ 132	\$ 2,906	\$ 198	\$ 222 386	\$ 47	\$ 764 3,150	\$ 89,042 12,848
								238
459	2,058		3,243				233	8,536
46,718	33,363							80,081
97,028							91	97,169
								4
174	50		7				5	247
674	739							1,413
30,125			3,041					33,166
33,539								33,539
15,911	1,257							17,168
129,846	3,035		192					133,073
3,053								3,053
61,862								61,862
	41,851		100					41,951
159	15,181		337					15,704
452,099	97,680	132	9,826	198	608	47	4,243	629,094
\$ 6,360	\$ 2,072		\$ 18				\$ 7	11,037
	24,202							24,202
550							36	1,527
713			3,200					19,871
	2,593							2,593
								25,396
25,065	674		1					25,758
306,593	27,423							334,281
339,281	56,964		3,219				43	444,665
159	28,267		437					28,890
3,109								3,109
							32	97
47,151	2,374		3,928	175			2,330	62,383
62,399	10,075	132	2,242	23	608	47	1,838	89,950
\$ 112,818	\$ 40,716	\$ 132	\$ 6,607	\$ 198	\$ 608	\$ 47	\$ 4,200	\$ 184,429

**State of Illinois****Combining Statement of Activities****Component Units - Other Authorities**

For the Year Ended June 30, 2008 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Illinois Literacy Foundation	\$ 218		\$ 75	
Illinois Grain Insurance Corporation	3,715	\$ 1,245	2	
Illinois Conservation Foundation	2,438	63	1,479	\$ 64
Illinois Arts Council Foundation	3		1	
Comprehensive Health Insurance Plan Board	165,011	113,094		
East St. Louis Financial Advisory Authority	231			
Illinois Finance Authority	21,860	18,725	2,000	
Illinois Medical District Commission	12,882	3,235	683	
Quad Cities Regional Economic Development Authority	61	76		
Southwestern Illinois Development Authority	403	519	400	
Southeastern Illinois Economic Development Authority	385			
Upper Illinois River Valley Development Authority	284	455		
Will-Kankakee Regional Development Authority	92	130		
IMSA Fund for Advancement of Education	983	13	943	
Total	<u>\$ 208,566</u>	<u>\$ 137,555</u>	<u>\$ 5,583</u>	<u>\$ 64</u>

Net (expense) revenue	General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2007	Net assets, June 30, 2008
	State appropriations	Interest and investment income	Other				
\$ (143)	\$ 139				\$ (4)	\$ 39	\$ 35
(2,468)		\$ 236			(2,232)	6,685	4,453
(832)	75	(87)			(844)	4,727	3,883
(2)		2	\$ 1		1	77	78
(51,917)	19,212	2,060	19,817		(10,828)	14,973	4,145
(231)	215	227			211	6,298	6,509
(1,135)	13,000	8,889	25		20,779	92,039	112,818
(8,964)	66	1,635	2,658		(4,605)	45,321	40,716
15		12			27	105	132
516		156	78		750	5,857	6,607
(385)		18			(367)	565	198
171		16			187	421	608
38					38	9	47
(27)	272	95	30	\$ 27	397	3,803	4,200
<u>\$ (65,364)</u>	<u>\$ 32,979</u>	<u>\$ 13,259</u>	<u>\$ 22,609</u>	<u>\$ 27</u>	<u>\$ 3,510</u>	<u>\$ 180,919</u>	<u>\$ 184,429</u>

**State of Illinois**

**Combining Statement of Net Assets**  
**Component Units - Other Universities**

June 30, 2008 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,390	\$ 16,826	\$ 18,613	\$ 15,643	\$ 44,894
Investments		2,477	742	1,669	19,932
Receivables, net:					
Intergovernmental			577	7,250	409
Other	21,490	11,453	3,372	2,711	5,703
Due from component units					10
Due from primary government	453	998	977	164	751
Inventories	47	1,712	21	57	1,811
Prepaid expenses	315	279		474	63
Unamortized bond issuance costs		460	427	756	906
Loans and notes receivable, net	992	6,148	3,565	2,498	1,894
Restricted assets:					
Cash and cash equivalents	935	21,467	13,822	9,009	86
Investments	2,565	56,244		6,371	23,316
Other assets		707		21	
Capital assets not being depreciated	11,197	67,084	6,494	10,699	22,706
Capital assets being depreciated, net	134,151	141,639	51,031	93,691	124,781
<b>Total assets</b>	<b>185,535</b>	<b>327,494</b>	<b>99,641</b>	<b>151,013</b>	<b>247,262</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	18,922	13,020	3,664	6,451	19,686
Intergovernmental payables			3,339		37
Due to component units	20				
Due to primary government	159	2		29	50
Unearned revenue	864	2,626	3,191	5,253	4,826
Assets held for others		7,424		108	
Short-term notes payable		1,437			
Other liabilities		5,726			239
Long-term obligations:					
Due within one year	5,634	6,621	1,940	2,008	6,660
Due subsequent to one year	27,142	66,506	23,226	43,933	65,575
<b>Total liabilities</b>	<b>52,741</b>	<b>103,362</b>	<b>35,360</b>	<b>57,782</b>	<b>97,073</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	123,204	150,880	50,990	81,505	96,464
Restricted for:					
Debt service	3,811	1,038	469	2,467	
Nonexpendable purposes	2,055	32,772	1,025	2,538	22,293
Other expendable purposes	10,604	34,950	1,076	6,310	4,498
Unrestricted	(6,880)	4,492	10,721	411	26,934
<b>Total net assets</b>	<b>\$ 132,794</b>	<b>\$ 224,132</b>	<b>\$ 64,281</b>	<b>\$ 93,231</b>	<b>\$ 150,189</b>

	Total
\$	109,366 24,820  8,236 44,729 10 3,343 3,648 1,131 2,549 15,097  45,319 88,496 728 118,180 545,293 <hr/> 1,010,945  61,743 3,376 20 240 16,760 7,532 1,437 5,965  22,863 226,382 <hr/> 346,318  503,043  7,785 60,683 57,438 35,678 \$ 664,627

# Combining Statement of Activities

## Component Units - Other Universities

For the Year Ended June 30, 2008 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Chicago State University	\$ 129,993	\$ 32,360	\$ 31,744	\$ 2,439	\$ (63,450)
Eastern Illinois University	208,668	112,859	17,366	306	(78,137)
Governors State University	81,999	33,080	10,473		(38,446)
Northeastern Illinois University	137,494	47,232	29,112		(61,150)
Western Illinois University	243,851	127,326	24,413		(92,112)
Total	<u>\$ 802,005</u>	<u>\$ 352,857</u>	<u>\$ 113,108</u>	<u>\$ 2,745</u>	<u>\$ (333,295)</u>



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General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2007, as restated	Net assets, June 30, 2008
State appropriations	Interest and investment income	Other				
\$ 64,568	\$ 60	\$ 1	\$ 3	\$ 1,182	\$ 131,612	\$ 132,794
85,954	1,081	1,647	5,259	15,804	208,328	224,132
39,080	782	40	183	1,639	62,642	64,281
64,514	153	440	265	4,222	89,009	93,231
94,810	2,696	916	1,148	7,458	142,731	150,189
<u>\$ 348,926</u>	<u>\$ 4,772</u>	<u>\$ 3,044</u>	<u>\$ 6,858</u>	<u>\$ 30,305</u>	<u>\$ 634,322</u>	<u>\$ 664,627</u>

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## Budgetary Schedules

The following budgetary schedules for the State have been prepared in accordance with the terminology and classifications of funds used by the State in the Statewide Accounting Management System (“SAMS”) budgetary purposes. SAMS establishes the following budgetary fund groups to account for the State’s budgetary activities:

**General** – funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;

**Highway** – funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;

**Special State** – funds designated by statute as special funds in the State Treasury and not elsewhere classified;

**Bond Financed** – funds established to receive and administer the proceeds of various bond issues of the State;

**Debt Service** – funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;

**Federal Trust** – funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;

**Revolving** – funds established to finance and account for intra-governmental services; and

**State Trust** – funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

As the attached schedules are presented on the budgetary basis and not the GAAP basis of accounting, all budgeted funds of the State, including those presented as required supplemental information, are presented. The schedules presented as required supplemental information classify certain major governmental funds differently for GAAP reporting purposes than the following budgetary presentation. Below is a summary of those differences:

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Special State Funds: Budget Stabilization Fund Community Mental Health Medical Fund University of Illinois Hospital Services Fund County Provider Fund Care Provider Fund for Persons with Developmental Disabilities Fund Long Term Care Provider Fund Hospital Provider Fund Special Education Medicaid Matching Fund Family Care Fund Drug Rebate Fund Income Tax Refund Fund and 19 funds included as other special state funds State Trust Funds Public Aid Recoveries Trust Fund

# State of Illinois

## Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) All Budgeted Fund Groups

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 11,252,000	\$ 12,179,995	\$ 927,995			
Sales taxes	7,577,000	7,214,592	(362,408)			
Motor fuel taxes				\$ 1,349,700	\$ 1,263,584	\$ (86,116)
Public utility taxes	1,105,000	1,157,111	52,111			
Federal government	5,014,000	4,700,121	(313,879)	1,230,000	1,256,616	26,616
Other	2,215,000	2,394,735	179,735	1,496,176	1,495,234	(942)
Less:						
Refunds	22,038	17,610	(4,428)	18,037	17,991	(46)
<b>Total revenues</b>	<b>27,140,962</b>	<b>27,628,944</b>	<b>487,982</b>	<b>4,057,839</b>	<b>3,997,443</b>	<b>(60,396)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	13,847,258	13,752,618	(94,640)	135,608	135,608	-
Education	10,442,552	10,354,544	(88,008)			
General government	714,535	678,160	(36,375)	204,683	202,694	(1,989)
Transportation	131,755	122,452	(9,303)	3,204,559	3,126,323	(78,236)
Public protection and justice	1,972,671	1,910,337	(62,334)	106,086	106,085	(1)
Employment and economic development	195,528	177,191	(18,337)	1,900	1,900	-
Environment and business regulation	122,690	114,713	(7,977)			
Debt service:						
Principal						
Interest						
Capital outlays	33,439	29,247	(4,192)	34,258	32,043	(2,215)
<b>Total expenditures</b>	<b>27,460,428</b>	<b>27,139,262</b>	<b>(321,166)</b>	<b>3,687,094</b>	<b>3,604,653</b>	<b>(82,441)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(319,466)</b>	<b>489,682</b>	<b>809,148</b>	<b>370,745</b>	<b>392,790</b>	<b>22,045</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	2,400,000	2,400,000	-			
Operating transfers-in	6,956,695	6,956,695	-	1,240,490	1,240,490	-
Operating transfers-out	(10,545,739)	(10,545,739)	-	(1,568,854)	(1,568,854)	-
<b>Total other sources (uses) of financial resources</b>	<b>(1,189,044)</b>	<b>(1,189,044)</b>	<b>-</b>	<b>(328,364)</b>	<b>(328,364)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(281)</b>	<b>(281)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(1,508,791)</b>	<b>(699,643)</b>	<b>809,148</b>	<b>42,381</b>	<b>64,426</b>	<b>22,045</b>
Budgetary fund balances (deficits), July 1, 2007, as previously reported	(134,848)	(134,848)	-	620,390	620,390	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2007, as reclassified	(134,848)	(134,848)	-	620,390	620,390	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (1,643,639)</b>	<b>\$ (834,491)</b>	<b>\$ 809,148</b>	<b>\$ 662,771</b>	<b>\$ 684,816</b>	<b>\$ 22,045</b>

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 2,694,362	\$ 2,694,362	\$ -						
856,805	876,064	19,259						
75,106	71,081	(4,025)						
455,508	474,371	18,863						
3,578,441	3,830,796	252,355				\$ -	\$ 4,383	\$ 4,383
7,122,452	7,681,376	558,924				481,294	114,097	(367,197)
1,410,629	1,394,149	(16,480)						
13,372,045	14,233,901	861,856				481,294	118,480	(362,814)
10,029,456	8,530,369	(1,499,087)						
436,776	415,965	(20,811)	\$ 10,577	\$ 10,577	\$ -			
3,949,802	3,771,100	(178,702)	179,556	41,453	(138,103)			
456,181	413,964	(42,217)	72,386	72,287	(99)			
211,600	130,893	(80,707)	14,045	3	(14,042)			
676,278	496,218	(180,060)	81,098	4,905	(76,193)			
834,928	710,949	(123,979)	14,090	14,084	(6)			
						3,384,614	3,342,992	(41,622)
						1,143,784	1,109,036	(34,748)
57,651	40,585	(17,066)	143,114	142,903	(211)			
16,652,672	14,510,043	(2,142,629)	514,866	286,212	(228,654)	4,528,398	4,452,028	(76,370)
(3,280,627)	(276,142)	3,004,485	(514,866)	(286,212)	228,654	(4,047,104)	(4,333,548)	(286,444)
			1,012,255	180,924	(831,331)			
5,761,647	5,761,647	-	27,500	27,500	-	4,344,512	4,344,512	-
(5,604,699)	(5,604,699)	-	(27,500)	(27,500)	-			
156,948	156,948	-	1,012,255	180,924	(831,331)	4,344,512	4,344,512	-
(3,526)	(3,526)	-						
(3,127,205)	(122,720)	3,004,485	497,389	(105,288)	(602,677)	297,408	10,964	(286,444)
2,036,747	2,036,747	-	179,071	179,071	-	638,379	638,379	-
2,036,747	2,036,747	-	179,071	179,071	-	638,379	638,379	-
\$ (1,090,458)	\$ 1,914,027	\$ 3,004,485	\$ 676,460	\$ 73,783	\$ (602,677)	\$ 935,787	\$ 649,343	\$ (286,444)

(continued)

**State of Illinois**

**Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
All Budgeted Fund Groups**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 3,616,142	\$ 3,655,854	\$ 39,712	\$ 377	\$ 4,474	\$ 4,097
Other	267,182	308,282	41,100	586,962	558,422	(28,540)
Less:						
Refunds	2,840	12	(2,828)	11,914	4,357	(7,557)
<b>Total revenues</b>	<b>3,880,484</b>	<b>3,964,124</b>	<b>83,640</b>	<b>575,425</b>	<b>558,539</b>	<b>(16,886)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,678,860	1,154,159	(524,701)			
Education	2,604,354	2,128,220	(476,134)			
General government	12,093	9,474	(2,619)	755,989	620,789	(135,200)
Transportation	115,707	114,016	(1,691)	800	719	(81)
Public protection and justice	487,315	176,869	(310,446)	41,272	39,975	(1,297)
Employment and economic development	433,433	280,620	(152,813)			
Environment and business regulation	184,965	95,049	(89,916)			
Debt service:						
Principal						
Interest						
Capital outlays	12,642	1,973	(10,669)	1,596	835	(761)
<b>Total expenditures</b>	<b>5,529,369</b>	<b>3,960,380</b>	<b>(1,568,989)</b>	<b>799,657</b>	<b>662,318</b>	<b>(137,339)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,648,885)</b>	<b>3,744</b>	<b>1,652,629</b>	<b>(224,232)</b>	<b>(103,779)</b>	<b>120,453</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues						
Operating transfers-in	37,653	37,653	-	119,714	119,714	-
Operating transfers-out	(40,941)	(40,941)	-	(6,588)	(6,588)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,288)</b>	<b>(3,288)</b>	<b>-</b>	<b>113,126</b>	<b>113,126</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(21,089)</b>	<b>(21,089)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(1,673,262)</b>	<b>(20,633)</b>	<b>1,652,629</b>	<b>(111,106)</b>	<b>9,347</b>	<b>120,453</b>
Budgetary fund balances (deficits), July 1, 2007, as previously reported	(269,839)	(269,839)	-	(13,951)	(13,951)	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2007, as reclassified	(269,839)	(269,839)	-	(13,951)	(13,951)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (1,943,101)</b>	<b>\$ (290,472)</b>	<b>\$ 1,652,629</b>	<b>\$ (125,057)</b>	<b>\$ (4,604)</b>	<b>\$ 120,453</b>

State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 765,323	\$ 765,323	\$ -	\$ 13,946,362	\$ 14,874,357	\$ 927,995
30,965	34,103	3,138	9,199,128	8,855,979	(343,149)
288,232	288,238	6	1,455,771	1,368,768	(87,003)
87,868	105,304	17,436	1,848,740	1,919,720	70,980
2,251,044	2,464,638	213,594	13,526,828	13,557,548	30,720
			14,420,110	15,016,784	596,674
312	274	(38)	1,465,770	1,434,393	(31,377)
3,423,120	3,657,332	234,212	52,931,169	54,158,763	1,227,594
194,495	172,033	(22,462)	25,885,677	23,744,787	(2,140,890)
17,009	4,803	(12,206)	13,511,268	12,914,109	(597,159)
334,701	185,721	(148,980)	6,151,359	5,509,391	(641,968)
			3,981,388	3,849,761	(131,627)
2,950	1,466	(1,484)	2,835,939	2,365,628	(470,311)
25	20	(5)	1,388,262	960,854	(427,408)
29,391	10,212	(19,179)	1,186,064	945,007	(241,057)
			3,384,614	3,342,992	(41,622)
			1,143,784	1,109,036	(34,748)
2,304	749	(1,555)	285,004	248,335	(36,669)
580,875	375,004	(205,871)	59,753,359	54,989,900	(4,763,459)
2,842,245	3,282,328	440,083	(6,822,190)	(831,137)	5,991,053
			3,412,255	2,580,924	(831,331)
760	760	-	18,488,971	18,488,971	-
(238,947)	(238,947)	-	(18,033,268)	(18,033,268)	-
(238,187)	(238,187)	-	3,867,958	3,036,627	(831,331)
(2,954,342)	(2,954,342)	-	(2,979,238)	(2,979,238)	-
(350,284)	89,799	440,083	(5,933,470)	(773,748)	5,159,722
414,240	414,240	-	3,470,189	3,470,189	-
70,077	70,077	-	70,077	70,077	-
484,317	484,317	-	3,540,266	3,540,266	-
\$ 134,033	\$ 574,116	\$ 440,083	\$ (2,393,204)	\$ 2,766,518	\$ 5,159,722

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**General Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Revenue			GR-CS Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 10,431,000	\$ 11,290,855	\$ 859,855			
Sales taxes	5,683,000	5,409,516	(273,484)	\$ 1,894,000	\$ 1,805,076	\$ (88,924)
Public utility taxes	1,000,000	1,046,942	46,942			
Federal government	5,014,000	4,700,121	(313,879)			
Other	2,036,000	2,216,011	180,011			
Less:						
Refunds	22,038	17,610	(4,428)			
<b>Total revenues</b>	<b>24,141,962</b>	<b>24,645,835</b>	<b>503,873</b>	<b>1,894,000</b>	<b>1,805,076</b>	<b>(88,924)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	13,847,258	13,752,618	(94,640)			
Education	4,555,311	4,504,423	(50,888)			
General government	714,535	678,160	(36,375)			
Transportation	131,755	122,452	(9,303)			
Public protection and justice	1,972,671	1,910,337	(62,334)			
Employment and economic development	195,528	177,191	(18,337)			
Environment and business regulation	122,690	114,713	(7,977)			
Capital outlays	33,439	29,247	(4,192)			
<b>Total expenditures</b>	<b>21,573,187</b>	<b>21,289,141</b>	<b>(284,046)</b>			
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,568,775</b>	<b>3,356,694</b>	<b>787,919</b>	<b>1,894,000</b>	<b>1,805,076</b>	<b>(88,924)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	2,400,000	2,400,000	-			
Operating transfers-in	2,570,126	2,570,126	-			
Operating transfers-out	(8,718,471)	(8,718,471)	-	(1,826,930)	(1,826,930)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,748,345)</b>	<b>(3,748,345)</b>	<b>-</b>	<b>(1,826,930)</b>	<b>(1,826,930)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(281)</b>	<b>(281)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(1,179,851)</b>	<b>(391,932)</b>	<b>787,919</b>	<b>67,070</b>	<b>(21,854)</b>	<b>(88,924)</b>
Budgetary fund balances (deficits), July 1, 2007	(524,744)	(524,744)	-	35,863	35,863	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (1,704,595)</b>	<b>\$ (916,676)</b>	<b>\$ 787,919</b>	<b>\$ 102,933</b>	<b>\$ 14,009</b>	<b>\$ (88,924)</b>



Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 821,000	\$ 889,140	\$ 68,140				\$ 11,252,000	\$ 12,179,995	\$ 927,995
						7,577,000	7,214,592	(362,408)
			\$ 105,000	\$ 110,169	\$ 5,169	1,105,000	1,157,111	52,111
						5,014,000	4,700,121	(313,879)
1,000	1,025	25	178,000	177,699	(301)	2,215,000	2,394,735	179,735
						22,038	17,610	(4,428)
822,000	890,165	68,165	283,000	287,868	4,868	27,140,962	27,628,944	487,982
						13,847,258	13,752,618	(94,640)
1,749,409	1,743,347	(6,062)	4,137,832	4,106,774	(31,058)	10,442,552	10,354,544	(88,008)
						714,535	678,160	(36,375)
						131,755	122,452	(9,303)
						1,972,671	1,910,337	(62,334)
						195,528	177,191	(18,337)
						122,690	114,713	(7,977)
						33,439	29,247	(4,192)
1,749,409	1,743,347	(6,062)	4,137,832	4,106,774	(31,058)	27,460,428	27,139,262	(321,166)
(927,409)	(853,182)	74,227	(3,854,832)	(3,818,906)	35,926	(319,466)	489,682	809,148
564,126	564,126	-	3,822,443	3,822,443	-	2,400,000	2,400,000	-
(137)	(137)	-	(201)	(201)	-	6,956,695	6,956,695	-
563,989	563,989	-	3,822,242	3,822,242	-	(1,189,044)	(1,189,044)	-
						(281)	(281)	-
(363,420)	(289,193)	74,227	(32,590)	3,336	35,926	(1,508,791)	(699,643)	809,148
351,171	351,171	-	2,862	2,862	-	(134,848)	(134,848)	-
\$ (12,249)	\$ 61,978	\$ 74,227	\$ (29,728)	\$ 6,198	\$ 35,926	\$ (1,643,639)	\$ (834,491)	\$ 809,148

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Highway Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes				\$ 1,349,700	\$ 1,263,584	\$ (86,116)
Federal government	\$ 1,230,000	\$ 1,256,526	\$ 26,526	-	90	90
Other	994,476	977,259	(17,217)	-	712	712
Less:						
Refunds	2,021	1,982	(39)	16,016	16,009	(7)
<b>Total revenues</b>	<b>2,222,455</b>	<b>2,231,803</b>	<b>9,348</b>	<b>1,333,684</b>	<b>1,248,377</b>	<b>(85,307)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	135,608	135,608	-			
General government	128,243	127,317	(926)	76,440	75,377	(1,063)
Transportation	1,940,843	1,903,216	(37,627)	10,542	8,977	(1,565)
Public protection and justice	106,086	106,085	(1)			
Employment and economic development	1,900	1,900	-			
Capital outlays	34,219	32,018	(2,201)	39	25	(14)
<b>Total expenditures</b>	<b>2,346,899</b>	<b>2,306,144</b>	<b>(40,755)</b>	<b>87,021</b>	<b>84,379</b>	<b>(2,642)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(124,444)</b>	<b>(74,341)</b>	<b>50,103</b>	<b>1,246,663</b>	<b>1,163,998</b>	<b>(82,665)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	335,094	335,094	-			
Operating transfers-out	(290,763)	(290,763)	-	(1,275,743)	(1,275,743)	-
<b>Total other sources (uses) of financial resources</b>	<b>44,331</b>	<b>44,331</b>	<b>-</b>	<b>(1,275,743)</b>	<b>(1,275,743)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(80,113)</b>	<b>(30,010)</b>	<b>50,103</b>	<b>(29,080)</b>	<b>(111,745)</b>	<b>(82,665)</b>
Budgetary fund balances (deficits), July 1, 2007	353,378	353,378	-	103,964	103,964	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 273,265</b>	<b>\$ 323,368</b>	<b>\$ 50,103</b>	<b>\$ 74,884</b>	<b>\$ (7,781)</b>	<b>\$ (82,665)</b>

Grade Crossing Protection			Motor Fuel Tax-Counties			Motor Fuel Tax-Municipalities		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$	-	\$ 1	\$	1				
	-	1		1				
40,526	34,364	(6,162)	\$ 232,600	\$ 221,161	\$ (11,439)	\$ 326,300	\$ 310,168	\$ (16,132)
40,526	34,364	(6,162)	232,600	221,161	(11,439)	326,300	310,168	(16,132)
(40,526)	(34,363)	6,163	(232,600)	(221,161)	11,439	(326,300)	(310,168)	16,132
27,000	27,000	-	222,149	222,149	-	311,555	311,555	-
(2,252)	(2,252)	-						
24,748	24,748	-	222,149	222,149	-	311,555	311,555	-
(15,778)	(9,615)	6,163	(10,451)	988	11,439	(14,745)	1,387	16,132
9,616	9,616	-	(16,791)	(16,791)	-	(23,550)	(23,550)	-
\$ (6,162)	\$ 1	\$ 6,163	\$ (27,242)	\$ (15,803)	\$ 11,439	\$ (38,295)	\$ (22,163)	\$ 16,132

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Highway Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Township			State Construction Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes						
Federal government						
Other				\$ 501,700	\$ 517,262	\$ 15,562
Less:						
Refunds						
<b>Total revenues</b>				501,700	517,262	15,562
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government						
Transportation	\$ 105,600	\$ 100,378	\$ (5,222)	548,148	548,059	(89)
Public protection and justice						
Employment and economic development						
Capital outlays						
<b>Total expenditures</b>	105,600	100,378	(5,222)	548,148	548,059	(89)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(105,600)	(100,378)	5,222	(46,448)	(30,797)	15,651
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	100,827	100,827	-	243,865	243,865	-
Operating transfers-out				(96)	(96)	-
<b>Total other sources (uses) of financial resources</b>	100,827	100,827	-	243,769	243,769	-
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	(4,773)	449	5,222	197,321	212,972	15,651
Budgetary fund balances (deficits), July 1, 2007	(7,621)	(7,621)	-	201,394	201,394	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (12,394)</b>	<b>\$ (7,172)</b>	<b>\$ 5,222</b>	<b>\$ 398,715</b>	<b>\$ 414,366</b>	<b>\$ 15,651</b>

		Total	
Final Budget		Actual	Variance Over (Under)
\$ 1,349,700	\$ 1,263,584	\$ (86,116)	
1,230,000	1,256,616	26,616	
1,496,176	1,495,234	(942)	
18,037	17,991	(46)	
4,057,839	3,997,443	(60,396)	
135,608	135,608	-	
204,683	202,694	(1,989)	
3,204,559	3,126,323	(78,236)	
106,086	106,085	(1)	
1,900	1,900	-	
34,258	32,043	(2,215)	
3,687,094	3,604,653	(82,441)	
370,745	392,790	22,045	
1,240,490	1,240,490	-	
(1,568,854)	(1,568,854)	-	
(328,364)	(328,364)	-	
42,381	64,426	22,045	
620,390	620,390	-	
\$ 662,771	\$ 684,816	\$ 22,045	

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes				\$ 2,694,362	\$ 2,694,362	\$ -
Sales taxes				835,506	855,314	19,808
Motor fuel taxes						
Public utility taxes				277,008	291,490	14,482
Federal government	\$ 221,995	\$ 229,245	\$ 7,250	3,234,176	3,487,330	253,154
Other	291,688	312,004	20,316	5,822,458	6,315,258	492,800
Less:						
Refunds				1,406,800	1,391,623	(15,177)
<b>Total revenues</b>	<b>513,683</b>	<b>541,249</b>	<b>27,566</b>	<b>11,456,710</b>	<b>12,252,131</b>	<b>795,421</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	538,159	537,070	(1,089)	9,281,730	7,833,948	(1,447,782)
Education	340,320	340,320	-			
General government	9,293	7,446	(1,847)	3,571,030	3,516,099	(54,931)
Transportation				430,211	389,716	(40,495)
Public protection and justice				56,000	26,181	(29,819)
Employment and economic development				475,329	354,868	(120,461)
Environment and business regulation	4	4	-	133,264	113,821	(19,443)
Capital outlays	40	38	(2)	26,188	22,581	(3,607)
<b>Total expenditures</b>	<b>887,816</b>	<b>884,878</b>	<b>(2,938)</b>	<b>13,973,752</b>	<b>12,257,214</b>	<b>(1,716,538)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(374,133)</b>	<b>(343,629)</b>	<b>30,504</b>	<b>(2,517,042)</b>	<b>(5,083)</b>	<b>2,511,959</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	539,693	539,693	-	4,778,142	4,778,142	-
Operating transfers-out	(275,736)	(275,736)	-	(4,962,963)	(4,962,963)	-
<b>Total other sources (uses) of financial resources</b>	<b>263,957</b>	<b>263,957</b>	<b>-</b>	<b>(184,821)</b>	<b>(184,821)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(110,176)</b>	<b>(79,672)</b>	<b>30,504</b>	<b>(2,701,863)</b>	<b>(189,904)</b>	<b>2,511,959</b>
Budgetary fund balances, July 1, 2007	532,535	532,535	-	484,967	484,967	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 422,359</b>	<b>\$ 452,863</b>	<b>\$ 30,504</b>	<b>\$ (2,216,896)</b>	<b>\$ 295,063</b>	<b>\$ 2,511,959</b>

Agencies, Boards, and Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 2,694,362	\$ 2,694,362	\$ -
\$ 75,106	\$ 71,081	\$ (4,025)	\$ 21,299	\$ 20,750	\$ (549)	856,805	876,064	19,259
155,242	162,129	6,887	23,258	20,752	(2,506)	75,106	71,081	(4,025)
38,713	28,790	(9,923)	83,557	85,431	1,874	455,508	474,371	18,863
327,168	322,915	(4,253)	681,138	731,199	50,061	3,578,441	3,830,796	252,355
						7,122,452	7,681,376	558,924
42	41	(1)	3,787	2,485	(1,302)	1,410,629	1,394,149	(16,480)
596,187	584,874	(11,313)	805,465	855,647	50,182	13,372,045	14,233,901	861,856
13,946	13,582	(364)	195,621	145,769	(49,852)	10,029,456	8,530,369	(1,499,087)
3,619	3,585	(34)	92,837	72,060	(20,777)	436,776	415,965	(20,811)
60,523	44,326	(16,197)	308,956	203,229	(105,727)	3,949,802	3,771,100	(178,702)
			25,970	24,248	(1,722)	456,181	413,964	(42,217)
32,258	29,223	(3,035)	123,342	75,489	(47,853)	211,600	130,893	(80,707)
31,623	30,410	(1,213)	169,326	110,940	(58,386)	676,278	496,218	(180,060)
362,448	342,317	(20,131)	339,212	254,807	(84,405)	834,928	710,949	(123,979)
1,986	1,452	(534)	29,437	16,514	(12,923)	57,651	40,585	(17,066)
506,403	464,895	(41,508)	1,284,701	903,056	(381,645)	16,652,672	14,510,043	(2,142,629)
89,784	119,979	30,195	(479,236)	(47,409)	431,827	(3,280,627)	(276,142)	3,004,485
132,996	132,996	-	310,816	310,816	-	5,761,647	5,761,647	-
(248,473)	(248,473)	-	(117,527)	(117,527)	-	(5,604,699)	(5,604,699)	-
(115,477)	(115,477)	-	193,289	193,289	-	156,948	156,948	-
			(3,526)	(3,526)	-	(3,526)	(3,526)	-
(25,693)	4,502	30,195	(289,473)	142,354	431,827	(3,127,205)	(122,720)	3,004,485
482,882	482,882	-	536,363	536,363	-	2,036,747	2,036,747	-
\$ 457,189	\$ 487,384	\$ 30,195	\$ 246,890	\$ 678,717	\$ 431,827	\$ (1,090,458)	\$ 1,914,027	\$ 3,004,485

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - Elected Officials**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Comptroller Budget Stabilization			Treasurer		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 221,995	\$ 229,245	\$ 7,250
Other				291,688	312,004	20,316
<b>Total revenues</b>				<b>513,683</b>	<b>541,249</b>	<b>27,566</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				538,159	537,070	(1,089)
Education				340,320	340,320	-
General government				9,293	7,446	(1,847)
Environment and business regulation				4	4	-
Capital outlays				40	38	(2)
<b>Total expenditures</b>				<b>887,816</b>	<b>884,878</b>	<b>(2,938)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>				<b>(374,133)</b>	<b>(343,629)</b>	<b>30,504</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	\$ 275,704	\$ 275,704	\$ -	263,989	263,989	-
Operating transfers-out	(275,704)	(275,704)	-	(32)	(32)	-
<b>Total other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>263,957</b>	<b>263,957</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>				<b>(110,176)</b>	<b>(79,672)</b>	<b>30,504</b>
Budgetary fund balances, July 1, 2007	275,704	275,704	-	256,831	256,831	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 275,704</b>	<b>\$ 275,704</b>	<b>\$ -</b>	<b>\$ 146,655</b>	<b>\$ 177,159</b>	<b>\$ 30,504</b>



Total		
Final Budget	Actual	Variance Over (Under)
\$ 221,995	\$ 229,245	\$ 7,250
291,688	312,004	20,316
513,683	541,249	27,566
538,159	537,070	(1,089)
340,320	340,320	-
9,293	7,446	(1,847)
4	4	-
40	38	(2)
887,816	884,878	(2,938)
(374,133)	(343,629)	30,504
539,693	539,693	-
(275,736)	(275,736)	-
263,957	263,957	-
(110,176)	(79,672)	30,504
532,535	532,535	-
\$ 422,359	\$ 452,863	\$ 30,504

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - State Treasurer**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government				\$ 221,995	\$ 229,245	\$ 7,250
Other				291,688	312,004	20,316
<b>Total revenues</b>				<b>513,683</b>	<b>541,249</b>	<b>27,566</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				538,159	537,070	(1,089)
Education	\$ 340,320	\$ 340,320	\$ -			
General government	8,318	6,565	(1,753)	975	881	(94)
Environment and business regulation				4	4	-
Capital outlays	40	38	(2)			
<b>Total expenditures</b>	<b>348,678</b>	<b>346,923</b>	<b>(1,755)</b>	<b>539,138</b>	<b>537,955</b>	<b>(1,183)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(348,678)</b>	<b>(346,923)</b>	<b>1,755</b>	<b>(25,455)</b>	<b>3,294</b>	<b>28,749</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	263,986	263,986	-	3	3	-
Operating transfers-out				(32)	(32)	-
<b>Total other sources (uses) of financial resources</b>	<b>263,986</b>	<b>263,986</b>	<b>-</b>	<b>(29)</b>	<b>(29)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(84,692)</b>	<b>(82,937)</b>	<b>1,755</b>	<b>(25,484)</b>	<b>3,265</b>	<b>28,749</b>
Budgetary fund balances, July 1, 2007	244,032	244,032	-	12,799	12,799	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 159,340</b>	<b>\$ 161,095</b>	<b>\$ 1,755</b>	<b>\$ (12,685)</b>	<b>\$ 16,064</b>	<b>\$ 28,749</b>

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Total		
Final Budget	Actual	Variance Over (Under)
\$ 221,995	\$ 229,245	\$ 7,250
291,688	312,004	20,316
513,683	541,249	27,566

538,159	537,070	(1,089)
340,320	340,320	-
9,293	7,446	(1,847)
4	4	-
40	38	(2)
887,816	884,878	(2,938)
(374,133)	(343,629)	30,504

263,989	263,989	-
(32)	(32)	-
263,957	263,957	-

(110,176)	(79,672)	30,504
256,831	256,831	-
\$ 146,655	\$ 177,159	\$ 30,504

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Commerce and Economic Opportunity			Natural Resources		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 154,589	\$ 159,079	\$ 4,490	\$ 6,896	\$ 9,620	\$ 2,724
Other	3	2,463	2,460	77,381	66,802	(10,579)
Less:						
Refunds				1,150	719	(431)
<b>Total revenues</b>	<b>154,592</b>	<b>161,542</b>	<b>6,950</b>	<b>83,127</b>	<b>75,703</b>	<b>(7,424)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government	51	51	-	80	80	-
Transportation						
Public protection and justice						
Employment and economic development	308,459	191,387	(117,072)			
Environment and business regulation				83,105	68,928	(14,177)
Capital outlays	95	25	(70)	2,547	2,088	(459)
<b>Total expenditures</b>	<b>308,605</b>	<b>191,463</b>	<b>(117,142)</b>	<b>85,732</b>	<b>71,096</b>	<b>(14,636)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(154,013)</b>	<b>(29,921)</b>	<b>124,092</b>	<b>(2,605)</b>	<b>4,607</b>	<b>7,212</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	84,184	84,184	-			
Operating transfers-out	(40,784)	(40,784)	-	(80)	(80)	-
<b>Total other sources (uses) of financial resources</b>	<b>43,400</b>	<b>43,400</b>	<b>-</b>	<b>(80)</b>	<b>(80)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(110,613)</b>	<b>13,479</b>	<b>124,092</b>	<b>(2,685)</b>	<b>4,527</b>	<b>7,212</b>
Budgetary fund balances (deficits), July 1, 2007	10,061	10,061	-	105,262	105,262	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (100,552)</b>	<b>\$ 23,540</b>	<b>\$ 124,092</b>	<b>\$ 102,577</b>	<b>\$ 109,789</b>	<b>\$ 7,212</b>

Financial and Professional Regulation			Human Services			Healthcare and Family Services		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 70,155	\$ 84,637	\$ 14,482
\$ 23,674	\$ 31,299	\$ 7,625	\$ 87,819	\$ 103,790	\$ 15,971	2,544,432	2,792,007	247,575
			27,776	32,388	4,612	3,708,736	4,301,174	592,438
3	1	(2)	100	7	(93)	9,750	16	(9,734)
23,671	31,298	7,627	115,495	136,171	20,676	6,313,573	7,177,802	864,229
			122,565	98,747	(23,818)	8,727,066	7,357,684	(1,369,382)
192	190	(2)				15,410	10,596	(4,814)
50,159	44,893	(5,266)						
276	136	(140)				830	353	(477)
50,627	45,219	(5,408)	122,565	98,747	(23,818)	8,743,306	7,368,633	(1,374,673)
(26,956)	(13,921)	13,035	(7,070)	37,424	44,494	(2,429,733)	(190,831)	2,238,902
26,986	26,986	-	2	2	-	2,753,334	2,753,334	-
(4,007)	(4,007)	-	(13,942)	(13,942)	-	(2,699,479)	(2,699,479)	-
22,979	22,979	-	(13,940)	(13,940)	-	53,855	53,855	-
(3,977)	9,058	13,035	(21,010)	23,484	44,494	(2,375,878)	(136,976)	2,238,902
31,283	31,283	-	9,237	9,237	-	(76,458)	(76,458)	-
\$ 27,306	\$ 40,341	\$ 13,035	\$ (11,773)	\$ 32,721	\$ 44,494	\$ (2,452,336)	\$ (213,434)	\$ 2,238,902

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 2,694,362	\$ 2,694,362	\$ -			
Sales taxes	835,506	855,314	19,808			
Public utility taxes	206,853	206,853	-			
Federal government	17,654	17,654	-			
Other	1,964,358	1,859,123	(105,235)			
Less:						
Refunds	1,395,797	1,390,880	(4,917)			
<b>Total revenues</b>	<b>4,322,936</b>	<b>4,242,426</b>	<b>(80,510)</b>			
<b>EXPENDITURES:</b>						
Current:						
Health and social services	960	794	(166)			
General government	3,553,794	3,504,056	(49,738)			
Transportation				\$ 430,211	\$ 389,716	\$ (40,495)
Public protection and justice						
Employment and economic development	166,870	163,481	(3,389)			
Environment and business regulation						
Capital outlays	440	178	(262)			
<b>Total expenditures</b>	<b>3,722,064</b>	<b>3,668,509</b>	<b>(53,555)</b>	<b>430,211</b>	<b>389,716</b>	<b>(40,495)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>600,872</b>	<b>573,917</b>	<b>(26,955)</b>	<b>(430,211)</b>	<b>(389,716)</b>	<b>40,495</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1,502,412	1,502,412	-	407,521	407,521	-
Operating transfers-out	(2,201,475)	(2,201,475)	-	(852)	(852)	-
<b>Total other sources (uses) of financial resources</b>	<b>(699,063)</b>	<b>(699,063)</b>	<b>-</b>	<b>406,669</b>	<b>406,669</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(98,191)</b>	<b>(125,146)</b>	<b>(26,955)</b>	<b>(23,542)</b>	<b>16,953</b>	<b>40,495</b>
Budgetary fund balances (deficits), July 1, 2007	462,195	462,195	-	21,190	21,190	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 364,004</b>	<b>\$ 337,049</b>	<b>\$ (26,955)</b>	<b>\$ (2,352)</b>	<b>\$ 38,143</b>	<b>\$ 40,495</b>

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 2,694,362	\$ 2,694,362	\$ -
			835,506	855,314	19,808
			277,008	291,490	14,482
\$ 422,786	\$ 405,180	\$ (17,606)	3,234,176	3,487,330	253,154
20,530	22,009	1,479	5,822,458	6,315,258	492,800
			1,406,800	1,391,623	(15,177)
443,316	427,189	(16,127)	11,456,710	12,252,131	795,421
431,139	376,723	(54,416)	9,281,730	7,833,948	(1,447,782)
1,503	1,126	(377)	3,571,030	3,516,099	(54,931)
			430,211	389,716	(40,495)
56,000	26,181	(29,819)	56,000	26,181	(29,819)
			475,329	354,868	(120,461)
			133,264	113,821	(19,443)
22,000	19,801	(2,199)	26,188	22,581	(3,607)
510,642	423,831	(86,811)	13,973,752	12,257,214	(1,716,538)
(67,326)	3,358	70,684	(2,517,042)	(5,083)	2,511,959
3,703	3,703	-	4,778,142	4,778,142	-
(2,344)	(2,344)	-	(4,962,963)	(4,962,963)	-
1,359	1,359	-	(184,821)	(184,821)	-
(65,967)	4,717	70,684	(2,701,863)	(189,904)	2,511,959
(77,803)	(77,803)	-	484,967	484,967	-
\$ (143,770)	\$ (73,086)	\$ 70,684	\$ (2,216,896)	\$ 295,063	\$ 2,511,959

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**  
**Special State Funds - Department of Commerce and Economic Opportunity**

	Metropolitan Exposition			Tourism Promotion		
	Auditorium and Office Building					
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government						
Other						
<b>Total revenues</b>						
<b>EXPENDITURES:</b>						
Current:						
General government				\$ 50	\$ 50	\$ -
Employment and economic development				33,459	32,445	(1,014)
Capital outlays				95	25	(70)
<b>Total expenditures</b>				33,604	32,520	(1,084)
<b>Excess (deficiency) of revenues over (under) expenditures</b>				(33,604)	(32,520)	1,084
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	\$ 37,923	\$ 37,923	\$ -	46,261	46,261	-
Operating transfers-out	(36,599)	(36,599)	-	(146)	(146)	-
<b>Total other sources (uses) of financial resources</b>	1,324	1,324	-	46,115	46,115	-
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	1,324	1,324	-	12,511	13,595	1,084
Budgetary fund balances (deficits), July 1, 2007	16,870	16,870	-	10,095	10,095	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	\$ 18,194	\$ 18,194	\$ -	\$ 22,606	\$ 23,690	\$ 1,084



Federal Workforce Training			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 154,589	\$ 159,079	\$ 4,490	\$ 154,589	\$ 159,079	\$ 4,490
3	2,463	2,460	3	2,463	2,460
154,592	161,542	6,950	154,592	161,542	6,950

1	1	-	51	51	-
275,000	158,942	(116,058)	308,459	191,387	(117,072)
			95	25	(70)
275,001	158,943	(116,058)	308,605	191,463	(117,142)
(120,409)	2,599	123,008	(154,013)	(29,921)	124,092
			84,184	84,184	-
(4,039)	(4,039)	-	(40,784)	(40,784)	-
(4,039)	(4,039)	-	43,400	43,400	-
(124,448)	(1,440)	123,008	(110,613)	13,479	124,092
(16,904)	(16,904)	-	10,061	10,061	-
\$ (141,352)	\$ (18,344)	\$ 123,008	\$ (100,552)	\$ 23,540	\$ 124,092

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - Department of Natural Resources**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Wildlife and Fish			Open Space Lands Acquisition and Development		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 6,896	\$ 9,620	\$ 2,724			
Other	42,230	39,908	(2,322)	\$ 35,151	\$ 26,894	\$ (8,257)
Less:						
Refunds	1,150	719	(431)			
<b>Total revenues</b>	<b>47,976</b>	<b>48,809</b>	<b>833</b>	<b>35,151</b>	<b>26,894</b>	<b>(8,257)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	80	80	-			
Environment and business regulation	53,609	49,625	(3,984)	29,496	19,303	(10,193)
Capital outlays	2,547	2,088	(459)			
<b>Total expenditures</b>	<b>56,236</b>	<b>51,793</b>	<b>(4,443)</b>	<b>29,496</b>	<b>19,303</b>	<b>(10,193)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,260)</b>	<b>(2,984)</b>	<b>5,276</b>	<b>5,655</b>	<b>7,591</b>	<b>1,936</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(4)	(4)	-	(76)	(76)	-
<b>Total other sources (uses) of financial resources</b>	<b>(4)</b>	<b>(4)</b>	<b>-</b>	<b>(76)</b>	<b>(76)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(8,264)</b>	<b>(2,988)</b>	<b>5,276</b>	<b>5,579</b>	<b>7,515</b>	<b>1,936</b>
Budgetary fund balances, July 1, 2007	25,992	25,992	-	79,270	79,270	-
<b>BUDGETARY FUND BALANCES, JUNE 30, 2008</b>	<b>\$ 17,728</b>	<b>\$ 23,004</b>	<b>\$ 5,276</b>	<b>\$ 84,849</b>	<b>\$ 86,785</b>	<b>\$ 1,936</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 6,896	\$ 9,620	\$ 2,724
77,381	66,802	(10,579)
1,150	719	(431)
83,127	75,703	(7,424)
80	80	-
83,105	68,928	(14,177)
2,547	2,088	(459)
85,732	71,096	(14,636)
(2,605)	4,607	7,212
(80)	(80)	-
(80)	(80)	-
(2,685)	4,527	7,212
105,262	105,262	-
\$ 102,577	\$ 109,789	\$ 7,212

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - Department of Financial and Professional Regulation**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Professions Indirect Cost			Bank and Trust Company		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Other	\$ 74	\$ 249	\$ 175	\$ 23,600	\$ 31,050	\$ 7,450
Less:						
Refunds				3	1	(2)
<b>Total revenues</b>	<b>74</b>	<b>249</b>	<b>175</b>	<b>23,597</b>	<b>31,049</b>	<b>7,452</b>
<b>EXPENDITURES:</b>						
Current:						
General government	10	8	(2)	182	182	-
Environment and business regulation	35,447	30,806	(4,641)	14,712	14,087	(625)
Capital outlays	276	136	(140)			
<b>Total expenditures</b>	<b>35,733</b>	<b>30,950</b>	<b>(4,783)</b>	<b>14,894</b>	<b>14,269</b>	<b>(625)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(35,659)</b>	<b>(30,701)</b>	<b>4,958</b>	<b>8,703</b>	<b>16,780</b>	<b>8,077</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	26,986	26,986	-			
Operating transfers-out	(124)	(124)	-	(3,883)	(3,883)	-
<b>Total other sources (uses) of financial resources</b>	<b>26,862</b>	<b>26,862</b>	<b>-</b>	<b>(3,883)</b>	<b>(3,883)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(8,797)</b>	<b>(3,839)</b>	<b>4,958</b>	<b>4,820</b>	<b>12,897</b>	<b>8,077</b>
Budgetary fund balances (deficits), July 1, 2007	(292)	(292)	-	31,575	31,575	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (9,089)</b>	<b>\$ (4,131)</b>	<b>\$ 4,958</b>	<b>\$ 36,395</b>	<b>\$ 44,472</b>	<b>\$ 8,077</b>

	Total	Variance
Final Budget	Actual	Over (Under)
\$ 23,674	\$ 31,299	\$ 7,625
3	1	(2)
23,671	31,298	7,627
192	190	(2)
50,159	44,893	(5,266)
276	136	(140)
50,627	45,219	(5,408)
(26,956)	(13,921)	13,035
26,986	26,986	-
(4,007)	(4,007)	-
22,979	22,979	-
(3,977)	9,058	13,035
31,283	31,283	-
\$ 27,306	\$ 40,341	\$ 13,035

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Human Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Mental Health			Community Mental Health Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ -	\$ 18,364	\$ 18,364	\$ 87,819	\$ 85,426	\$ (2,393)
Other	27,048	31,857	4,809	728	531	(197)
Less:						
Refunds	100	7	(93)			
<b>Total revenues</b>	<b>26,948</b>	<b>50,214</b>	<b>23,266</b>	<b>88,547</b>	<b>85,957</b>	<b>(2,590)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	16,875	16,506	(369)	105,690	82,241	(23,449)
<b>Total expenditures</b>	<b>16,875</b>	<b>16,506</b>	<b>(369)</b>	<b>105,690</b>	<b>82,241</b>	<b>(23,449)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>10,073</b>	<b>33,708</b>	<b>23,635</b>	<b>(17,143)</b>	<b>3,716</b>	<b>20,859</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				2	2	-
Operating transfers-out	(13,915)	(13,915)	-	(27)	(27)	-
<b>Total other sources (uses) of financial resources</b>	<b>(13,915)</b>	<b>(13,915)</b>	<b>-</b>	<b>(25)</b>	<b>(25)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(3,842)</b>	<b>19,793</b>	<b>23,635</b>	<b>(17,168)</b>	<b>3,691</b>	<b>20,859</b>
Budgetary fund balances, July 1, 2007	2,332	2,332	-	6,905	6,905	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (1,510)</b>	<b>\$ 22,125</b>	<b>\$ 23,635</b>	<b>\$ (10,263)</b>	<b>\$ 10,596</b>	<b>\$ 20,859</b>

		Total	
Final Budget	Actual	Variance Over (Under)	
\$ 87,819	\$ 103,790	\$ 15,971	
27,776	32,388	4,612	
100	7	(93)	
115,495	136,171	20,676	
122,565	98,747	(23,818)	
122,565	98,747	(23,818)	
(7,070)	37,424	44,494	
2	2	-	
(13,942)	(13,942)	-	
(13,940)	(13,940)	-	
(21,010)	23,484	44,494	
9,237	9,237	-	
\$ (11,773)	\$ 32,721	\$ 44,494	

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 127,800	\$ 147,633	\$ 19,833	\$ 647,210	\$ 653,815	\$ 6,605
Other	81,900	78,261	(3,639)	652,560	660,287	7,727
Less:						
Refunds				1,000	-	(1,000)
<b>Total revenues</b>	<b>209,700</b>	<b>225,894</b>	<b>16,194</b>	<b>1,298,770</b>	<b>1,314,102</b>	<b>15,332</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	245,000	244,856	(144)	1,981,619	1,280,510	(701,109)
General government						
Capital outlays						
<b>Total expenditures</b>	<b>245,000</b>	<b>244,856</b>	<b>(144)</b>	<b>1,981,619</b>	<b>1,280,510</b>	<b>(701,109)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(35,300)</b>	<b>(18,962)</b>	<b>16,338</b>	<b>(682,849)</b>	<b>33,592</b>	<b>716,441</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	44,700	44,700	-			
Operating transfers-out	(25,739)	(25,739)	-			
<b>Total other sources (uses) of financial resources</b>	<b>18,961</b>	<b>18,961</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(16,339)</b>	<b>(1)</b>	<b>16,338</b>	<b>(682,849)</b>	<b>33,592</b>	<b>716,441</b>
Budgetary fund balances (deficits), July 1, 2007	1	1	-	(56,953)	(56,953)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (16,338)</b>	<b>\$ -</b>	<b>\$ 16,338</b>	<b>\$ (739,802)</b>	<b>\$ (23,361)</b>	<b>\$ 716,441</b>



Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 19,768	\$ 20,843	\$ 1,075	\$ 450,807	\$ 371,908	\$ (78,899)	\$ 691,430	\$ 1,199,064	\$ 507,634
20,633	18,962	(1,671)	331,027	297,174	(33,853)	733,639	1,466,415	732,776
1,000	-	(1,000)	2,750	16	(2,734)	5,000	-	(5,000)
39,401	39,805	404	779,084	669,066	(110,018)	1,420,069	2,665,479	1,245,410
43,095	42,933	(162)	983,611	823,090	(160,521)	2,430,400	2,409,489	(20,911)
10	10	-						
43,105	42,943	(162)	983,611	823,090	(160,521)	2,430,400	2,409,489	(20,911)
(3,704)	(3,138)	566	(204,527)	(154,024)	50,503	(1,010,331)	255,990	1,266,321
1	1	-	60,024	60,024	-	2,400,000	2,400,000	-
(14)	(14)	-				(2,669,281)	(2,669,281)	-
(13)	(13)	-	60,024	60,024	-	(269,281)	(269,281)	-
(3,717)	(3,151)	566	(144,503)	(94,000)	50,503	(1,279,612)	(13,291)	1,266,321
4,363	4,363	-	23,830	23,830	-	8,639	8,639	-
\$ 646	\$ 1,212	\$ 566	\$ (120,673)	\$ (70,170)	\$ 50,503	\$ (1,270,973)	\$ (4,652)	\$ 1,266,321

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Special Education Medicaid Matching			Health and Human Services Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 195,000	\$ 93,960	\$ (101,040)			
Other				\$ 912	\$ 2,327	\$ 1,415
Less:						
Refunds						
<b>Total revenues</b>	<b>195,000</b>	<b>93,960</b>	<b>(101,040)</b>	<b>912</b>	<b>2,327</b>	<b>1,415</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	200,000	125,134	(74,866)	32,950	7,344	(25,606)
General government						
Capital outlays						
<b>Total expenditures</b>	<b>200,000</b>	<b>125,134</b>	<b>(74,866)</b>	<b>32,950</b>	<b>7,344</b>	<b>(25,606)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(5,000)</b>	<b>(31,174)</b>	<b>(26,174)</b>	<b>(32,038)</b>	<b>(5,017)</b>	<b>27,021</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				40,000	40,000	-
Operating transfers-out				(3,500)	(3,500)	-
<b>Total other sources (uses) of financial resources</b>				<b>36,500</b>	<b>36,500</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(5,000)</b>	<b>(31,174)</b>	<b>(26,174)</b>	<b>4,462</b>	<b>31,483</b>	<b>27,021</b>
Budgetary fund balances (deficits), July 1, 2007	(8,887)	(8,887)	-	38,019	38,019	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (13,887)</b>	<b>\$ (40,061)</b>	<b>\$ (26,174)</b>	<b>\$ 42,481</b>	<b>\$ 69,502</b>	<b>\$ 27,021</b>

Supplemental Low Income Energy			Family Care			Drug Rebate		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 70,155	\$ 84,637	\$ 14,482						
10,995	13,264	2,269	\$ 27,325	\$ 29,177	\$ 1,852	\$ 252,670	\$ 177,901	\$ (74,769)
						1,200	1,311	111
81,150	97,901	16,751	27,325	29,177	1,852	253,870	179,212	(74,658)
98,185	90,258	(7,927)	40,000	30,821	(9,179)	604,000	356,882	(247,118)
9	9	-						
98,194	90,267	(7,927)	40,000	30,821	(9,179)	604,000	356,882	(247,118)
(17,044)	7,634	24,678	(12,675)	(1,644)	11,031	(350,130)	(177,670)	172,460
79	79	-				168,530	168,530	-
79	79	-				168,530	168,530	-
(16,965)	7,713	24,678	(12,675)	(1,644)	11,031	(181,600)	(9,140)	172,460
9,135	9,135	-	154	154	-	(24,789)	(24,789)	-
\$ (7,830)	\$ 16,848	\$ 24,678	\$ (12,521)	\$ (1,490)	\$ 11,031	\$ (206,389)	\$ (33,929)	\$ 172,460

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Child Support Administrative			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes						
Federal government	\$ 122,864	\$ 92,897	\$ (29,967)	\$ 36,883	\$ 33,986	\$ (2,897)
Other	38,953	31,641	(7,312)	1,809,592	1,702,355	(107,237)
Less:						
Refunds						
<b>Total revenues</b>	<b>161,817</b>	<b>124,538</b>	<b>(37,279)</b>	<b>1,846,475</b>	<b>1,736,341</b>	<b>(110,134)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	190,348	166,190	(24,158)	1,877,858	1,780,177	(97,681)
General government	847	810	(37)	14,544	9,767	(4,777)
Capital outlays	818	353	(465)	12	-	(12)
<b>Total expenditures</b>	<b>192,013</b>	<b>167,353</b>	<b>(24,660)</b>	<b>1,892,414</b>	<b>1,789,944</b>	<b>(102,470)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(30,196)</b>	<b>(42,815)</b>	<b>(12,619)</b>	<b>(45,939)</b>	<b>(53,603)</b>	<b>(7,664)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	40,000	40,000	-			
Operating transfers-out	(945)	(945)	-			
<b>Total other sources (uses) of financial resources</b>	<b>39,055</b>	<b>39,055</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>8,859</b>	<b>(3,760)</b>	<b>(12,619)</b>	<b>(45,939)</b>	<b>(53,603)</b>	<b>(7,664)</b>
Budgetary fund balances (deficits), July 1, 2007	(13,679)	(13,679)	-	(56,291)	(56,291)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (4,820)</b>	<b>\$ (17,439)</b>	<b>\$ (12,619)</b>	<b>\$ (102,230)</b>	<b>\$ (109,894)</b>	<b>\$ (7,664)</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 70,155	\$ 84,637	\$ 14,482
2,544,432	2,792,007	247,575
3,708,736	4,301,174	592,438
9,750	16	(9,734)
6,313,573	7,177,802	864,229
8,727,066	7,357,684	(1,369,382)
15,410	10,596	(4,814)
830	353	(477)
8,743,306	7,368,633	(1,374,673)
(2,429,733)	(190,831)	2,238,902
2,753,334	2,753,334	-
(2,699,479)	(2,699,479)	-
53,855	53,855	-
(2,375,878)	(136,976)	2,238,902
(76,458)	(76,458)	-
\$ (2,452,336)	\$ (213,434)	\$ 2,238,902

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Revenue**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	State Gaming			Rental Housing Support Program		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government						
Other	\$ 742,550	\$ 687,805	\$ (54,745)	\$ 26,000	\$ 21,824	\$ (4,176)
Less:						
Refunds	50	10	(40)			
<b>Total revenues</b>	<b>742,500</b>	<b>687,795</b>	<b>(54,705)</b>	<b>26,000</b>	<b>21,824</b>	<b>(4,176)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	960	794	(166)			
General government	138,604	123,797	(14,807)	32,100	29,372	(2,728)
Employment and economic development						
Capital outlays	136	7	(129)			
<b>Total expenditures</b>	<b>139,700</b>	<b>124,598</b>	<b>(15,102)</b>	<b>32,100</b>	<b>29,372</b>	<b>(2,728)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>602,800</b>	<b>563,197</b>	<b>(39,603)</b>	<b>(6,100)</b>	<b>(7,548)</b>	<b>(1,448)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	2	2	-			
Operating transfers-out	(564,068)	(564,068)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(564,066)</b>	<b>(564,066)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>38,734</b>	<b>(869)</b>	<b>(39,603)</b>	<b>(6,100)</b>	<b>(7,548)</b>	<b>(1,448)</b>
Budgetary fund balances (deficits), July 1, 2007	(4,990)	(4,990)	-	28,237	28,237	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 33,744</b>	<b>\$ (5,859)</b>	<b>\$ (39,603)</b>	<b>\$ 22,137</b>	<b>\$ 20,689</b>	<b>\$ (1,448)</b>

State and Local Sales Tax Reform			RTA Occupational and Use Tax Replacement			Illinois Sports Facilities		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 246,448	\$ 268,917	\$ 22,469						
						\$ 40,782	\$ 38,000	\$ (2,782)
246,448	268,917	22,469				40,782	38,000	(2,782)
53,804	53,804	-	\$ 26,901	\$ 26,901	\$ -	40,782	38,000	(2,782)
53,804	53,804	-	26,901	26,901	-	40,782	38,000	(2,782)
192,644	215,113	22,469	(26,901)	(26,901)	-	-	-	-
1	1	-	25,552	25,552	-			
(204,418)	(204,418)	-	(1)	(1)	-			
(204,417)	(204,417)	-	25,551	25,551	-			
(11,773)	10,696	22,469	(1,350)	(1,350)	-	-	-	-
33,423	33,423	-	(336)	(336)	-			
\$ 21,650	\$ 44,119	\$ 22,469	\$ (1,686)	\$ (1,686)	\$ -	\$ -	\$ -	\$ -

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Department of Revenue**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Income Tax Refund			McCormick Place Expansion Project		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 1,438,513	\$ 1,438,513	\$ -			
Sales taxes				\$ 163,568	\$ 160,907	\$ (2,661)
Public utility taxes						
Federal government	17,654	17,654	-			
Other						
Less:						
Refunds	1,395,699	1,390,846	(4,853)			
<b>Total revenues</b>	<b>60,468</b>	<b>65,321</b>	<b>4,853</b>	<b>163,568</b>	<b>160,907</b>	<b>(2,661)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
General government						
Employment and economic development				126,088	125,481	(607)
Capital outlays						
<b>Total expenditures</b>				<b>126,088</b>	<b>125,481</b>	<b>(607)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>60,468</b>	<b>65,321</b>	<b>4,853</b>	<b>37,480</b>	<b>35,426</b>	<b>(2,054)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1,005	1,005	-			
Operating transfers-out	(155,993)	(155,993)	-	(39,169)	(39,169)	-
<b>Total other sources (uses) of financial resources</b>	<b>(154,988)</b>	<b>(154,988)</b>	<b>-</b>	<b>(39,169)</b>	<b>(39,169)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(94,520)</b>	<b>(89,667)</b>	<b>4,853</b>	<b>(1,689)</b>	<b>(3,743)</b>	<b>(2,054)</b>
Budgetary fund balances (deficits), July 1, 2007	155,915	155,915	-	13,943	13,943	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 61,395</b>	<b>\$ 66,248</b>	<b>\$ 4,853</b>	<b>\$ 12,254</b>	<b>\$ 10,200</b>	<b>\$ (2,054)</b>



Local Government Distributive			State Lottery			Personal Property Tax Replacement		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 1,255,849	\$ 1,255,849	\$ -
						206,853	206,853	-
			\$ 1,035,597	\$ 992,065	\$ (43,532)	3,890	3,890	-
			48	24	(24)			
			1,035,549	992,041	(43,508)	1,466,592	1,466,592	-
\$ 1,349,920	\$ 1,349,920	\$ -	376,430	344,814	(31,616)	1,576,035	1,575,448	(587)
			275	150	(125)	29	21	(8)
1,349,920	1,349,920	-	376,705	344,964	(31,741)	1,576,064	1,575,469	(595)
(1,349,920)	(1,349,920)	-	658,844	647,077	(11,767)	(109,472)	(108,877)	595
1,347,593	1,347,593	-	1,548	1,548	-	87,245	87,245	-
(62)	(62)	-	(657,136)	(657,136)	-	(132)	(132)	-
1,347,531	1,347,531	-	(655,588)	(655,588)	-	87,113	87,113	-
(2,389)	(2,389)	-	3,256	(8,511)	(11,767)	(22,359)	(21,764)	595
(8,559)	(8,559)	-	(8,969)	(8,969)	-	253,530	253,530	-
\$ (10,948)	\$ (10,948)	\$ -	\$ (5,713)	\$ (17,480)	\$ (11,767)	\$ 231,171	\$ 231,766	\$ 595

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - Department of Revenue**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Build Illinois			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes				\$ 2,694,362	\$ 2,694,362	\$ -
Sales taxes	\$ 425,490	\$ 425,490	\$ -	835,506	855,314	19,808
Public utility taxes				206,853	206,853	-
Federal government				17,654	17,654	-
Other	115,539	115,539	-	1,964,358	1,859,123	(105,235)
Less:						
Refunds				1,395,797	1,390,880	(4,917)
<b>Total revenues</b>	<b>541,029</b>	<b>541,029</b>	<b>-</b>	<b>4,322,936</b>	<b>4,242,426</b>	<b>(80,510)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				960	794	(166)
General government				3,553,794	3,504,056	(49,738)
Employment and economic development				166,870	163,481	(3,389)
Capital outlays				440	178	(262)
<b>Total expenditures</b>				<b>3,722,064</b>	<b>3,668,509</b>	<b>(53,555)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>541,029</b>	<b>541,029</b>	<b>-</b>	<b>600,872</b>	<b>573,917</b>	<b>(26,955)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	39,466	39,466	-	1,502,412	1,502,412	-
Operating transfers-out	(580,496)	(580,496)	-	(2,201,475)	(2,201,475)	-
<b>Total other sources (uses) of financial resources</b>	<b>(541,030)</b>	<b>(541,030)</b>	<b>-</b>	<b>(699,063)</b>	<b>(699,063)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>(98,191)</b>	<b>(125,146)</b>	<b>(26,955)</b>
Budgetary fund balances (deficits), July 1, 2007	1	1	-	462,195	462,195	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 364,004</b>	<b>\$ 337,049</b>	<b>\$ (26,955)</b>

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**State of Illinois**

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources,  
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Special State Funds - Department of Transportation**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Transportation	\$ 340,300	\$ 304,499	\$ (35,801)	\$ 89,911	\$ 85,217	\$ (4,694)
<b>Total expenditures</b>	<b>340,300</b>	<b>304,499</b>	<b>(35,801)</b>	<b>89,911</b>	<b>85,217</b>	<b>(4,694)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(340,300)</b>	<b>(304,499)</b>	<b>35,801</b>	<b>(89,911)</b>	<b>(85,217)</b>	<b>4,694</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	321,323	321,323	-	86,198	86,198	-
Operating transfers-out	(733)	(733)	-	(119)	(119)	-
<b>Total other sources (uses) of financial resources</b>	<b>320,590</b>	<b>320,590</b>	<b>-</b>	<b>86,079</b>	<b>86,079</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(19,710)</b>	<b>16,091</b>	<b>35,801</b>	<b>(3,832)</b>	<b>862</b>	<b>4,694</b>
Budgetary fund balances, July 1, 2007	2,176	2,176	-	19,014	19,014	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (17,534)</b>	<b>\$ 18,267</b>	<b>\$ 35,801</b>	<b>\$ 15,182</b>	<b>\$ 19,876</b>	<b>\$ 4,694</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 430,211	\$ 389,716	\$ (40,495)
430,211	389,716	(40,495)
(430,211)	(389,716)	40,495
407,521	407,521	-
(852)	(852)	-
406,669	406,669	-
(23,542)	16,953	40,495
21,190	21,190	-
\$ (2,352)	\$ 38,143	\$ 40,495

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Other Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Children and Family Services			Corrections		
	DCFS Children's Services			Corrections Reimbursements		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 399,600	\$ 370,940	\$ (28,660)	\$ 23,186	\$ 34,240	\$ 11,054
Other	2,811	2,103	(708)	17,719	19,906	2,187
<b>Total revenues</b>	<b>402,411</b>	<b>373,043</b>	<b>(29,368)</b>	<b>40,905</b>	<b>54,146</b>	<b>13,241</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	431,139	376,723	(54,416)			
General government	1,500	1,123	(377)	3	3	-
Public protection and justice				56,000	26,181	(29,819)
Capital outlays				22,000	19,801	(2,199)
<b>Total expenditures</b>	<b>432,639</b>	<b>377,846</b>	<b>(54,793)</b>	<b>78,003</b>	<b>45,985</b>	<b>(32,018)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(30,228)</b>	<b>(4,803)</b>	<b>25,425</b>	<b>(37,098)</b>	<b>8,161</b>	<b>45,259</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	2,203	2,203	-	1,500	1,500	-
Operating transfers-out	(1,401)	(1,401)	-	(943)	(943)	-
<b>Total other sources (uses) of financial resources</b>	<b>802</b>	<b>802</b>	<b>-</b>	<b>557</b>	<b>557</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(29,426)</b>	<b>(4,001)</b>	<b>25,425</b>	<b>(36,541)</b>	<b>8,718</b>	<b>45,259</b>
Budgetary fund balances(deficits), July 1, 2007	(71,742)	(71,742)	-	(6,061)	(6,061)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (101,168)</b>	<b>\$ (75,743)</b>	<b>\$ 25,425</b>	<b>\$ (42,602)</b>	<b>\$ 2,657</b>	<b>\$ 45,259</b>

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Total		
Final Budget	Actual	Variance Over (Under)
\$ 422,786	\$ 405,180	\$ (17,606)
20,530	22,009	1,479
443,316	427,189	(16,127)

431,139	376,723	(54,416)
1,503	1,126	(377)
56,000	26,181	(29,819)
22,000	19,801	(2,199)
510,642	423,831	(86,811)

(67,326)	3,358	70,684
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3,703	3,703	-
(2,344)	(2,344)	-
1,359	1,359	-

(65,967)	4,717	70,684
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(77,803)	(77,803)	-
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\$ (143,770)	\$ (73,086)	\$ 70,684
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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Agencies, Boards, and Commissions**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Illinois Commerce Commission			Environmental Protection Agency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes				\$ 75,106	\$ 71,081	\$ (4,025)
Public utility taxes	\$ 57,717	\$ 63,960	\$ 6,243			
Federal government	653	485	(168)	38,000	28,305	(9,695)
Other	8,861	10,897	2,036	145,970	147,789	1,819
Less:						
Refunds	27	27	-	11	10	(1)
<b>Total revenues</b>	<b>67,204</b>	<b>75,315</b>	<b>8,111</b>	<b>259,065</b>	<b>247,165</b>	<b>(11,900)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services						
Education						
General government	2	2	-	4,590	4,506	(84)
Public protection and justice				3,612	3,263	(349)
Employment and economic development						
Environment and business regulation	73,510	68,649	(4,861)	275,451	261,552	(13,899)
Capital outlays	82	79	(3)	541	295	(246)
<b>Total expenditures</b>	<b>73,594</b>	<b>68,730</b>	<b>(4,864)</b>	<b>284,194</b>	<b>269,616</b>	<b>(14,578)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,390)</b>	<b>6,585</b>	<b>12,975</b>	<b>(25,129)</b>	<b>(22,451)</b>	<b>2,678</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	8,000	8,000	-	30,008	30,008	-
Operating transfers-out	(955)	(955)	-	(14,025)	(14,025)	-
<b>Total other sources (uses) of financial resources</b>	<b>7,045</b>	<b>7,045</b>	<b>-</b>	<b>15,983</b>	<b>15,983</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>655</b>	<b>13,630</b>	<b>12,975</b>	<b>(9,146)</b>	<b>(6,468)</b>	<b>2,678</b>
Budgetary fund balances, July 1, 2007	6,525	6,525	-	435,674	435,674	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 7,180</b>	<b>\$ 20,155</b>	<b>\$ 12,975</b>	<b>\$ 426,528</b>	<b>\$ 429,206</b>	<b>\$ 2,678</b>



Other Agencies, Boards, and Commissions			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 97,525	\$ 98,169	\$ 644	\$ 75,106	\$ 71,081	\$ (4,025)
60	-	(60)	155,242	162,129	6,887
172,337	164,229	(8,108)	38,713	28,790	(9,923)
			327,168	322,915	(4,253)
4	4	-	42	41	(1)
269,918	262,394	(7,524)	596,187	584,874	(11,313)
13,946	13,582	(364)	13,946	13,582	(364)
3,619	3,585	(34)	3,619	3,585	(34)
55,931	39,818	(16,113)	60,523	44,326	(16,197)
28,646	25,960	(2,686)	32,258	29,223	(3,035)
31,623	30,410	(1,213)	31,623	30,410	(1,213)
13,487	12,116	(1,371)	362,448	342,317	(20,131)
1,363	1,078	(285)	1,986	1,452	(534)
148,615	126,549	(22,066)	506,403	464,895	(41,508)
121,303	135,845	14,542	89,784	119,979	30,195
94,988	94,988	-	132,996	132,996	-
(233,493)	(233,493)	-	(248,473)	(248,473)	-
(138,505)	(138,505)	-	(115,477)	(115,477)	-
(17,202)	(2,660)	14,542	(25,693)	4,502	30,195
40,683	40,683	-	482,882	482,882	-
\$ 23,481	\$ 38,023	\$ 14,542	\$ 457,189	\$ 487,384	\$ 30,195

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Illinois Commerce Commission**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Public Utility			Wireless Service Emergency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes	\$ 13,425	\$ 16,513	\$ 3,088	\$ 44,292	\$ 47,447	\$ 3,155
Federal government	653	485	(168)			
Other	8,861	10,897	2,036			
Less:						
Refunds	27	27	-			
<b>Total revenues</b>	<b>22,912</b>	<b>27,868</b>	<b>4,956</b>	<b>44,292</b>	<b>47,447</b>	<b>3,155</b>
<b>EXPENDITURES:</b>						
Current:						
General government	2	2	-			
Environment and business regulation	27,610	22,803	(4,807)	45,900	45,846	(54)
Capital outlays	82	79	(3)			
<b>Total expenditures</b>	<b>27,694</b>	<b>22,884</b>	<b>(4,810)</b>	<b>45,900</b>	<b>45,846</b>	<b>(54)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,782)</b>	<b>4,984</b>	<b>9,766</b>	<b>(1,608)</b>	<b>1,601</b>	<b>3,209</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				8,000	8,000	-
Operating transfers-out	(955)	(955)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(955)</b>	<b>(955)</b>	<b>-</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(5,737)</b>	<b>4,029</b>	<b>9,766</b>	<b>6,392</b>	<b>9,601</b>	<b>3,209</b>
Budgetary fund balances (deficits), July 1, 2007	7,456	7,456	-	(931)	(931)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 1,719</b>	<b>\$ 11,485</b>	<b>\$ 9,766</b>	<b>\$ 5,461</b>	<b>\$ 8,670</b>	<b>\$ 3,209</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 57,717	\$ 63,960	\$ 6,243
653	485	(168)
8,861	10,897	2,036
27	27	-
67,204	75,315	8,111
2	2	-
73,510	68,649	(4,861)
82	79	(3)
73,594	68,730	(4,864)
(6,390)	6,585	12,975
8,000	8,000	-
(955)	(955)	-
7,045	7,045	-
655	13,630	12,975
6,525	6,525	-
\$ 7,180	\$ 20,155	\$ 12,975

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Environmental Protection Agency**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes	\$ 75,106	\$ 71,081	\$ (4,025)			
Federal government	-	43	43	\$ 38,000	\$ 24,078	\$ (13,922)
Other	73	66	(7)	145,800	147,695	1,895
Less:						
Refunds	11	10	(1)			
<b>Total revenues</b>	<b>75,168</b>	<b>71,180</b>	<b>(3,988)</b>	<b>183,800</b>	<b>171,773</b>	<b>(12,027)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,000	969	(31)	1	1	-
Public protection and justice	3,612	3,263	(349)			
Employment and economic development						
Environment and business regulation	68,249	57,852	(10,397)	179,058	177,501	(1,557)
Capital outlays	267	62	(205)			
<b>Total expenditures</b>	<b>73,128</b>	<b>62,146</b>	<b>(10,982)</b>	<b>179,059</b>	<b>177,502</b>	<b>(1,557)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,040</b>	<b>9,034</b>	<b>6,994</b>	<b>4,741</b>	<b>(5,729)</b>	<b>(10,470)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	4	4	-			
Operating transfers-out	(14,024)	(14,024)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(14,020)</b>	<b>(14,020)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(11,980)</b>	<b>(4,986)</b>	<b>6,994</b>	<b>4,741</b>	<b>(5,729)</b>	<b>(10,470)</b>
Budgetary fund balances, July 1, 2007	8,826	8,826	-	426,740	426,740	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (3,154)</b>	<b>\$ 3,840</b>	<b>\$ 6,994</b>	<b>\$ 431,481</b>	<b>\$ 421,011</b>	<b>\$ (10,470)</b>

Vehicle Inspection			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 4,184	\$ 4,184	\$ 75,106	\$ 71,081	\$ (4,025)
97	28	(69)	38,000	28,305	(9,695)
			145,970	147,789	1,819
			11	10	(1)
97	4,212	4,115	259,065	247,165	(11,900)
3,589	3,536	(53)	4,590	4,506	(84)
			3,612	3,263	(349)
28,144	26,199	(1,945)	275,451	261,552	(13,899)
274	233	(41)	541	295	(246)
32,007	29,968	(2,039)	284,194	269,616	(14,578)
(31,910)	(25,756)	6,154	(25,129)	(22,451)	2,678
30,004	30,004	-	30,008	30,008	-
(1)	(1)	-	(14,025)	(14,025)	-
30,003	30,003	-	15,983	15,983	-
(1,907)	4,247	6,154	(9,146)	(6,468)	2,678
108	108	-	435,674	435,674	-
\$ (1,799)	\$ 4,355	\$ 6,154	\$ 426,528	\$ 429,206	\$ 2,678

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Other Agencies, Boards, and Commissions**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Capital Development Board School Infrastructure			Housing Development Authority Illinois Affordable Housing Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Public utility taxes	\$ 97,525	\$ 98,169	\$ 644			
Federal government						
Other	60,000	60,000	-	\$ 67,015	\$ 51,499	\$ (15,516)
Less:						
Refunds						
<b>Total revenues</b>	<b>157,525</b>	<b>158,169</b>	<b>644</b>	<b>67,015</b>	<b>51,499</b>	<b>(15,516)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				12,523	12,473	(50)
Education	111	77	(34)			
General government	665	659	(6)	55,102	38,997	(16,105)
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays						
<b>Total expenditures</b>	<b>776</b>	<b>736</b>	<b>(40)</b>	<b>67,625</b>	<b>51,470</b>	<b>(16,155)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>156,749</b>	<b>157,433</b>	<b>684</b>	<b>(610)</b>	<b>29</b>	<b>639</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	64,577	64,577	-	1	1	-
Operating transfers-out	(214,203)	(214,203)	-	(3,898)	(3,898)	-
<b>Total other sources (uses) of financial resources</b>	<b>(149,626)</b>	<b>(149,626)</b>	<b>-</b>	<b>(3,897)</b>	<b>(3,897)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>7,123</b>	<b>7,807</b>	<b>684</b>	<b>(4,507)</b>	<b>(3,868)</b>	<b>639</b>
Budgetary fund balances, July 1, 2007	48	48	-	4,099	4,099	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 7,171</b>	<b>\$ 7,855</b>	<b>\$ 684</b>	<b>\$ (408)</b>	<b>\$ 231</b>	<b>\$ 639</b>

Metropolitan Pier and Exposition Authority			IL Emergency Management			State Fire Marshal		
MFEA Improvement Bond			Nuclear Safety Emergency Preparedness			Fire Prevention		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 18,373	\$ 27,042	\$ 8,669	\$ 60	\$ -	\$ (60)
						26,949	25,688	(1,261)
						4	4	-
			18,373	27,042	8,669	27,005	25,684	(1,321)
						1,423	1,109	(314)
						3,508	3,508	-
			12	12	-	152	150	(2)
\$ 31,623	\$ 30,410	\$ (1,213)	6,141	5,692	(449)	22,505	20,268	(2,237)
			13,487	12,116	(1,371)			
			933	890	(43)	430	188	(242)
31,623	30,410	(1,213)	20,573	18,710	(1,863)	28,018	25,223	(2,795)
(31,623)	(30,410)	1,213	(2,200)	8,332	10,532	(1,013)	461	1,474
30,410	30,410	-						
			(52)	(52)	-	(15,340)	(15,340)	-
30,410	30,410	-	(52)	(52)	-	(15,340)	(15,340)	-
(1,213)	-	1,213	(2,252)	8,280	10,532	(16,353)	(14,879)	1,474
5	5	-	3,238	3,238	-	33,293	33,293	-
\$ (1,208)	\$ 5	\$ 1,213	\$ 986	\$ 11,518	\$ 10,532	\$ 16,940	\$ 18,414	\$ 1,474

(continued)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Special State Funds - Other Agencies, Boards, and Commissions**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Public utility taxes	\$ 97,525	\$ 98,169	\$ 644
Federal government	60	-	(60)
Other	172,337	164,229	(8,108)
Less:			
Refunds	4	4	-
<b>Total revenues</b>	<b>269,918</b>	<b>262,394</b>	<b>(7,524)</b>
<b>EXPENDITURES:</b>			
Current:			
Health and social services	13,946	13,582	(364)
Education	3,619	3,585	(34)
General government	55,931	39,818	(16,113)
Public protection and justice	28,646	25,960	(2,686)
Employment and economic development	31,623	30,410	(1,213)
Environment and business regulation	13,487	12,116	(1,371)
Capital outlays	1,363	1,078	(285)
<b>Total expenditures</b>	<b>148,615</b>	<b>126,549</b>	<b>(22,066)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>121,303</b>	<b>135,845</b>	<b>14,542</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	94,988	94,988	-
Operating transfers-out	(233,493)	(233,493)	-
<b>Total other sources (uses) of financial resources</b>	<b>(138,505)</b>	<b>(138,505)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(17,202)</b>	<b>(2,660)</b>	<b>14,542</b>
Budgetary fund balances, July 1, 2007	40,683	40,683	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 23,481</b>	<b>\$ 38,023</b>	<b>\$ 14,542</b>



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**State of Illinois**

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and  
Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Bond Financed Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Commerce and Economic Opportunity Build Illinois Bond			Transportation Transportation Bond Series B		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Education	\$ 9,954	\$ 9,954	\$ -			
General government	425	1	(424)			
Transportation				\$ 57,665	\$ 57,660	\$ (5)
Public protection and justice						
Employment and economic development	3,250	868	(2,382)			
Environment and business regulation	5,292	5,286	(6)			
Capital outlays	18,935	18,935	-			
<b>Total expenditures</b>	<b>37,856</b>	<b>35,044</b>	<b>(2,812)</b>	<b>57,665</b>	<b>57,660</b>	<b>(5)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(37,856)</b>	<b>(35,044)</b>	<b>2,812</b>	<b>(57,665)</b>	<b>(57,660)</b>	<b>5</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general obligation bond issues	227,000	51,644	(175,356)	60,000	15,517	(44,483)
Operating transfers-in				22,449	22,449	-
Operating transfers-out						
<b>Total other sources (uses) of financial resources</b>	<b>227,000</b>	<b>51,644</b>	<b>(175,356)</b>	<b>82,449</b>	<b>37,966</b>	<b>(44,483)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>189,144</b>	<b>16,600</b>	<b>(172,544)</b>	<b>24,784</b>	<b>(19,694)</b>	<b>(44,478)</b>
Budgetary fund balances, July 1, 2007	4,508	4,508	-	20,006	20,006	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 193,652</b>	<b>\$ 21,108</b>	<b>\$ (172,544)</b>	<b>\$ 44,790</b>	<b>\$ 312</b>	<b>\$ (44,478)</b>

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 623	\$ 623	\$ -				\$ 10,577	\$ 10,577	\$ -
179,131	41,452	(137,679)				179,556	41,453	(138,103)
64	-	(64)	\$ 14,657	\$ 14,627	\$ (30)	72,386	72,287	(99)
14,045	3	(14,042)				14,045	3	(14,042)
77,848	4,037	(73,811)				81,098	4,905	(76,193)
8,753	8,753	-	45	45	-	14,090	14,084	(6)
124,179	123,968	(211)				143,114	142,903	(211)
404,643	178,836	(225,807)	14,702	14,672	(30)	514,866	286,212	(228,654)
(404,643)	(178,836)	225,807	(14,702)	(14,672)	30	(514,866)	(286,212)	228,654
637,205	103,409	(533,796)	88,050	10,354	(77,696)	1,012,255	180,924	(831,331)
5,051	5,051	-				27,500	27,500	-
(9,875)	(9,875)	-	(17,625)	(17,625)	-	(27,500)	(27,500)	-
632,381	98,585	(533,796)	70,425	(7,271)	(77,696)	1,012,255	180,924	(831,331)
227,738	(80,251)	(307,989)	55,723	(21,943)	(77,666)	497,389	(105,288)	(602,677)
119,524	119,524	-	35,033	35,033	-	179,071	179,071	-
\$ 347,262	\$ 39,273	\$ (307,989)	\$ 90,756	\$ 13,090	\$ (77,666)	\$ 676,460	\$ 73,783	\$ (602,677)

**State of Illinois**

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Bond Financed Funds - Capital Development Board**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Education	\$ 623	\$ 623	\$ -			
General government	149,115	11,436	(137,679)	\$ 30,016	\$ 30,016	\$ -
Transportation	64	-	(64)			
Public protection and justice	14,045	3	(14,042)			
Employment and economic development	77,848	4,037	(73,811)			
Environment and business regulation	8,753	8,753	-			
Capital outlays	124,179	123,968	(211)			
<b>Total expenditures</b>	<b>374,627</b>	<b>148,820</b>	<b>(225,807)</b>	<b>30,016</b>	<b>30,016</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(374,627)</b>	<b>(148,820)</b>	<b>225,807</b>	<b>(30,016)</b>	<b>(30,016)</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general obligation bond issues	424,405	103,401	(321,004)	212,800	8	(212,792)
Operating transfers-in	5,051	5,051	-			
Operating transfers-out	(4,824)	(4,824)	-	(5,051)	(5,051)	-
<b>Total other sources (uses) of financial resources</b>	<b>424,632</b>	<b>103,628</b>	<b>(321,004)</b>	<b>207,749</b>	<b>(5,043)</b>	<b>(212,792)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>50,005</b>	<b>(45,192)</b>	<b>(95,197)</b>	<b>177,733</b>	<b>(35,059)</b>	<b>(212,792)</b>
Budgetary fund balances, July 1, 2007	79,180	79,180	-	40,344	40,344	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 129,185</b>	<b>\$ 33,988</b>	<b>\$ (95,197)</b>	<b>\$ 218,077</b>	<b>\$ 5,285</b>	<b>\$ (212,792)</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 623	\$ 623	\$ -
179,131	41,452	(137,679)
64	-	(64)
14,045	3	(14,042)
77,848	4,037	(73,811)
8,753	8,753	-
124,179	123,968	(211)
404,643	178,836	(225,807)
(404,643)	(178,836)	225,807
637,205	103,409	(533,796)
5,051	5,051	-
(9,875)	(9,875)	-
632,381	98,585	(533,796)
227,738	(80,251)	(307,989)
119,524	119,524	-
\$ 347,262	\$ 39,273	\$ (307,989)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Debt Service Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	General Obligation Bond, Retirement, and Interest			Build Illinois Bond, Retirement, and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ -	\$ 4,383	\$ 4,383			
Other	481,094	113,405	(367,689)	\$ 150	\$ 218	\$ 68
<b>Total revenues</b>	<b>481,094</b>	<b>117,788</b>	<b>(363,306)</b>	<b>150</b>	<b>218</b>	<b>68</b>
<b>EXPENDITURES:</b>						
Debt service:						
Principal	3,063,170	3,037,770	(25,400)	306,944	291,327	(15,617)
Interest	1,143,784	1,109,036	(34,748)			
<b>Total expenditures</b>	<b>4,206,954</b>	<b>4,146,806</b>	<b>(60,148)</b>	<b>306,944</b>	<b>291,327</b>	<b>(15,617)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,725,860)</b>	<b>(4,029,018)</b>	<b>(303,158)</b>	<b>(306,794)</b>	<b>(291,109)</b>	<b>15,685</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	4,039,091	4,039,091	-	291,327	291,327	-
<b>Total other sources (uses) of financial resources</b>	<b>4,039,091</b>	<b>4,039,091</b>	<b>-</b>	<b>291,327</b>	<b>291,327</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>313,231</b>	<b>10,073</b>	<b>(303,158)</b>	<b>(15,467)</b>	<b>218</b>	<b>15,685</b>
Budgetary fund balances, July 1, 2007	624,844	624,844	-	2,662	2,662	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 938,075</b>	<b>\$ 634,917</b>	<b>\$ (303,158)</b>	<b>\$ (12,805)</b>	<b>\$ 2,880</b>	<b>\$ 15,685</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 4,383	\$ 4,383
\$ 50	\$ 474	\$ 424	481,294	114,097	(367,197)
50	474	424	481,294	118,480	(362,814)
14,500	13,895	(605)	3,384,614	3,342,992	(41,622)
			1,143,784	1,109,036	(34,748)
14,500	13,895	(605)	4,528,398	4,452,028	(76,370)
(14,450)	(13,421)	1,029	(4,047,104)	(4,333,548)	(286,444)
14,094	14,094	-	4,344,512	4,344,512	-
14,094	14,094	-	4,344,512	4,344,512	-
(356)	673	1,029	297,408	10,964	(286,444)
10,873	10,873	-	638,379	638,379	-
\$ 10,517	\$ 11,546	\$ 1,029	\$ 935,787	\$ 649,343	\$ (286,444)

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**Federal Trust Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 1,266,474	\$ 1,256,005	\$ (10,469)	\$ 1,990,999	\$ 2,051,546	\$ 60,547
Other	94,876	112,265	17,389	1	779	778
Less:						
Refunds	1,650	-	(1,650)			
<b>Total revenues</b>	<b>1,359,700</b>	<b>1,368,270</b>	<b>8,570</b>	<b>1,991,000</b>	<b>2,052,325</b>	<b>61,325</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,345,947	1,019,715	(326,232)	2,100	201	(1,899)
Education				2,159,652	1,852,163	(307,489)
General government	1,047	952	(95)	222	222	-
Transportation	96,174	96,174	-	2,571	880	(1,691)
Public protection and justice				430,800	144,930	(285,870)
Employment and economic development	388,084	250,935	(137,149)			
Environment and business regulation				134,730	64,064	(70,666)
Capital outlays	9,516	332	(9,184)	1,518	748	(770)
<b>Total expenditures</b>	<b>1,840,768</b>	<b>1,368,108</b>	<b>(472,660)</b>	<b>2,731,593</b>	<b>2,063,208</b>	<b>(668,385)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(481,068)</b>	<b>162</b>	<b>481,230</b>	<b>(740,593)</b>	<b>(10,883)</b>	<b>729,710</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	9,459	9,459	-			
Operating transfers-out	(3,082)	(3,082)	-	(22,069)	(22,069)	-
<b>Total other sources (uses) of financial resources</b>	<b>6,377</b>	<b>6,377</b>	<b>-</b>	<b>(22,069)</b>	<b>(22,069)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(9,188)</b>	<b>(9,188)</b>	<b>-</b>	<b>(7,026)</b>	<b>(7,026)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(483,879)</b>	<b>(2,649)</b>	<b>481,230</b>	<b>(769,688)</b>	<b>(39,978)</b>	<b>729,710</b>
Budgetary fund balances (deficits), July 1, 2007	(49,615)	(49,615)	-	(249,589)	(249,589)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (533,494)</b>	<b>\$ (52,264)</b>	<b>\$ 481,230</b>	<b>\$ (1,019,277)</b>	<b>\$ (289,567)</b>	<b>\$ 729,710</b>



Higher Education								
Illinois Student Assistance Commission			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 78,635	\$ 113,010	\$ 34,375	\$ 280,034	\$ 235,293	\$ (44,741)	\$ 3,616,142	\$ 3,655,854	\$ 39,712
155,617	176,817	21,200	16,688	18,421	1,733	267,182	308,282	41,100
			1,190	12	(1,178)	2,840	12	(2,828)
234,252	289,827	55,575	295,532	253,702	(41,830)	3,880,484	3,964,124	83,640
			330,813	134,243	(196,570)	1,678,860	1,154,159	(524,701)
427,367	267,104	(160,263)	17,335	8,953	(8,382)	2,604,354	2,128,220	(476,134)
			10,824	8,300	(2,524)	12,093	9,474	(2,619)
			16,962	16,962	-	115,707	114,016	(1,691)
			56,515	31,939	(24,576)	487,315	176,869	(310,446)
			45,349	29,685	(15,664)	433,433	280,620	(152,813)
			50,235	30,985	(19,250)	184,965	95,049	(89,916)
535	391	(144)	1,073	502	(571)	12,642	1,973	(10,669)
427,902	267,495	(160,407)	529,106	261,569	(267,537)	5,529,369	3,960,380	(1,568,989)
(193,650)	22,332	215,982	(233,574)	(7,867)	225,707	(1,648,885)	3,744	1,652,629
			28,194	28,194	-	37,653	37,653	-
(5)	(5)	-	(15,785)	(15,785)	-	(40,941)	(40,941)	-
(5)	(5)	-	12,409	12,409	-	(3,288)	(3,288)	-
			(4,875)	(4,875)	-	(21,089)	(21,089)	-
(193,655)	22,327	215,982	(226,040)	(333)	225,707	(1,673,262)	(20,633)	1,652,629
16,350	16,350	-	13,015	13,015	-	(269,839)	(269,839)	-
\$ (177,305)	\$ 38,677	\$ 215,982	\$ (213,025)	\$ 12,682	\$ 225,707	\$ (1,943,101)	\$ (290,472)	\$ 1,652,629

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Commerce and Economic Opportunity			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 63,741	\$ 61,691	\$ (2,050)	\$ 575,001	\$ 610,521	\$ 35,520
Other				71,230	81,285	10,055
Less:						
Refunds	470	-	(470)	205	-	(205)
<b>Total revenues</b>	<b>63,271</b>	<b>61,691</b>	<b>(1,580)</b>	<b>646,026</b>	<b>691,806</b>	<b>45,780</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				788,723	691,421	(97,302)
General government				230	217	(13)
Transportation						
Employment and economic development	132,789	60,103	(72,686)			
Capital outlays	19	5	(14)	3,535	133	(3,402)
<b>Total expenditures</b>	<b>132,808</b>	<b>60,108</b>	<b>(72,700)</b>	<b>792,488</b>	<b>691,771</b>	<b>(100,717)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(69,537)</b>	<b>1,583</b>	<b>71,120</b>	<b>(146,462)</b>	<b>35</b>	<b>146,497</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				9,459	9,459	-
Operating transfers-out	(1,900)	(1,900)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(1,900)</b>	<b>(1,900)</b>	<b>-</b>	<b>9,459</b>	<b>9,459</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(8,971)</b>	<b>(8,971)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(71,437)</b>	<b>(317)</b>	<b>71,120</b>	<b>(145,974)</b>	<b>523</b>	<b>146,497</b>
Budgetary fund balances (deficits), July 1, 2007	(5,163)	(5,163)	-	(15,942)	(15,942)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (76,600)</b>	<b>\$ (5,480)</b>	<b>\$ 71,120</b>	<b>\$ (161,916)</b>	<b>\$ (15,419)</b>	<b>\$ 146,497</b>

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 627,732	\$ 583,793	\$ (43,939)	\$ 1,266,474	\$ 1,256,005	\$ (10,469)
23,646	30,980	7,334	94,876	112,265	17,389
975	-	(975)	1,650	-	(1,650)
650,403	614,773	(35,630)	1,359,700	1,368,270	8,570
557,224	328,294	(228,930)	1,345,947	1,019,715	(326,232)
817	735	(82)	1,047	952	(95)
96,174	96,174	-	96,174	96,174	-
255,295	190,832	(64,463)	388,084	250,935	(137,149)
5,962	194	(5,768)	9,516	332	(9,184)
915,472	616,229	(299,243)	1,840,768	1,368,108	(472,660)
(265,069)	(1,456)	263,613	(481,068)	162	481,230
(1,182)	(1,182)	-	9,459	9,459	-
(1,182)	(1,182)	-	(3,082)	(3,082)	-
(217)	(217)	-	6,377	6,377	-
(217)	(217)	-	(9,188)	(9,188)	-
(266,468)	(2,855)	263,613	(483,879)	(2,649)	481,230
(28,510)	(28,510)	-	(49,615)	(49,615)	-
\$ (294,978)	\$ (31,365)	\$ 263,613	\$ (533,494)	\$ (52,264)	\$ 481,230

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Department of Commerce and Economic Opportunity**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Community Services Block Grant			Community Development/ Small Cities Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 29,634	\$ 31,718	\$ 2,084	\$ 34,107	\$ 29,973	\$ (4,134)
Less:						
Refunds	170	-	(170)	300	-	(300)
<b>Total revenues</b>	<b>29,464</b>	<b>31,718</b>	<b>2,254</b>	<b>33,807</b>	<b>29,973</b>	<b>(3,834)</b>
<b>EXPENDITURES:</b>						
Current:						
Employment and economic development	51,133	29,676	(21,457)	81,656	30,427	(51,229)
Capital outlays	5	1	(4)	14	4	(10)
<b>Total expenditures</b>	<b>51,138</b>	<b>29,677</b>	<b>(21,461)</b>	<b>81,670</b>	<b>30,431</b>	<b>(51,239)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(21,674)</b>	<b>2,041</b>	<b>23,715</b>	<b>(47,863)</b>	<b>(458)</b>	<b>47,405</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(1,225)	(1,225)	-	(675)	(675)	-
<b>Total other sources (uses) of financial resources</b>	<b>(1,225)</b>	<b>(1,225)</b>	<b>-</b>	<b>(675)</b>	<b>(675)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(22,899)</b>	<b>816</b>	<b>23,715</b>	<b>(48,538)</b>	<b>(1,133)</b>	<b>47,405</b>
Budgetary fund balances (deficits), July 1, 2007	(3,391)	(3,391)	-	(1,772)	(1,772)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (26,290)</b>	<b>\$ (2,575)</b>	<b>\$ 23,715</b>	<b>\$ (50,310)</b>	<b>\$ (2,905)</b>	<b>\$ 47,405</b>

Total			
Final Budget	Actual	Variance Over (Under)	
\$ 63,741	\$ 61,691	\$ (2,050)	
470	-	(470)	
63,271	61,691	(1,580)	
132,789	60,103	(72,686)	
19	5	(14)	
132,808	60,108	(72,700)	
(69,537)	1,583	71,120	
(1,900)	(1,900)	-	
(1,900)	(1,900)	-	
(71,437)	(317)	71,120	
(5,163)	(5,163)	-	
\$ (76,600)	\$ (5,480)	\$ 71,120	

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Department of Human Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Prevention and Treatment of Alcohol and Substance Abuse Block Grant			Vocational Rehabilitation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 66,664	\$ 78,463	\$ 11,799	\$ 105,381	\$ 109,212	\$ 3,831
Other				3,762	3,828	66
Less:						
Refunds				5	-	(5)
<b>Total revenues</b>	<b>66,664</b>	<b>78,463</b>	<b>11,799</b>	<b>109,138</b>	<b>113,040</b>	<b>3,902</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	78,735	68,783	(9,952)	140,386	108,740	(31,646)
General government	79	79	-	125	112	(13)
Capital outlays	14	12	(2)	1,751	121	(1,630)
<b>Total expenditures</b>	<b>78,828</b>	<b>68,874</b>	<b>(9,954)</b>	<b>142,262</b>	<b>108,973</b>	<b>(33,289)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(12,164)</b>	<b>9,589</b>	<b>21,753</b>	<b>(33,124)</b>	<b>4,067</b>	<b>37,191</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	2	2	-			
<b>Total other sources (uses) of financial resources</b>	<b>2</b>	<b>2</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(501)</b>	<b>(501)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(12,162)</b>	<b>9,591</b>	<b>21,753</b>	<b>(33,625)</b>	<b>3,566</b>	<b>37,191</b>
Budgetary fund balances (deficits), July 1, 2007	(20,561)	(20,561)	-	5,147	5,147	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (32,723)</b>	<b>\$ (10,970)</b>	<b>\$ 21,753</b>	<b>\$ (28,478)</b>	<b>\$ 8,713</b>	<b>\$ 37,191</b>

DHS Special Purpose Trust			Old Age Survivors Insurance			USDA Women, Infants and Children		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 149,003	\$ 149,382	\$ 379	\$ 61,000	\$ 64,929	\$ 3,929	\$ 192,953	\$ 208,535	\$ 15,582
-	17	17	-	1	1	67,468	77,439	9,971
						200	-	(200)
149,003	149,399	396	61,000	64,930	3,930	260,221	285,974	25,753
194,492	165,675	(28,817)	80,906	63,690	(17,216)	294,204	284,533	(9,671)
13	13	-	13	13	-			
			1,770	-	(1,770)			
194,505	165,688	(28,817)	82,689	63,703	(18,986)	294,204	284,533	(9,671)
(45,502)	(16,289)	29,213	(21,689)	1,227	22,916	(33,983)	1,441	35,424
9,457	9,457	-						
9,457	9,457	-						
(8,470)	(8,470)	-						
(44,515)	(15,302)	29,213	(21,689)	1,227	22,916	(33,983)	1,441	35,424
14,646	14,646	-	(3,610)	(3,610)	-	(11,564)	(11,564)	-
\$ (29,869)	\$ (656)	\$ 29,213	\$ (25,299)	\$ (2,383)	\$ 22,916	\$ (45,547)	\$ (10,123)	\$ 35,424

(continued)

*State of Illinois*
**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Department of Human Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Federal government	\$ 575,001	\$ 610,521	\$ 35,520
Other	71,230	81,285	10,055
Less:			
Refunds	205	-	(205)
<b>Total revenues</b>	<b>646,026</b>	<b>691,806</b>	<b>45,780</b>
<b>EXPENDITURES:</b>			
Current:			
Health and social services	788,723	691,421	(97,302)
General government	230	217	(13)
Capital outlays	3,535	133	(3,402)
<b>Total expenditures</b>	<b>792,488</b>	<b>691,771</b>	<b>(100,717)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(146,462)</b>	<b>35</b>	<b>146,497</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	9,459	9,459	-
<b>Total other sources (uses) of financial resources</b>	<b>9,459</b>	<b>9,459</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(8,971)</b>	<b>(8,971)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(145,974)</b>	<b>523</b>	<b>146,497</b>
Budgetary fund balances (deficits), July 1, 2007	(15,942)	(15,942)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (161,916)</b>	<b>\$ (15,419)</b>	<b>\$ 146,497</b>



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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Employment Security			Public Health		
	Federal			Public Health Services		
	Title III Social Security & Employment Service					
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 168,000	\$ 171,957	\$ 3,957	\$ 125,770	\$ 130,332	\$ 4,562
Other	10,897	22,561	11,664	749	1,521	772
Less:						
Refunds	300	-	(300)	75	-	(75)
<b>Total revenues</b>	<b>178,597</b>	<b>194,518</b>	<b>15,921</b>	<b>126,444</b>	<b>131,853</b>	<b>5,409</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				176,694	132,789	(43,905)
General government	370	314	(56)	402	376	(26)
Transportation						
Employment and economic development	255,295	190,832	(64,463)			
Capital outlays	4,107	106	(4,001)	1,709	74	(1,635)
<b>Total expenditures</b>	<b>259,772</b>	<b>191,252</b>	<b>(68,520)</b>	<b>178,805</b>	<b>133,239</b>	<b>(45,566)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(81,175)</b>	<b>3,266</b>	<b>84,441</b>	<b>(52,361)</b>	<b>(1,386)</b>	<b>50,975</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(1,182)	(1,182)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(1,182)</b>	<b>(1,182)</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(82,357)</b>	<b>2,084</b>	<b>84,441</b>	<b>(52,361)</b>	<b>(1,386)</b>	<b>50,975</b>
Budgetary fund balances (deficits), July 1, 2007	(2,005)	(2,005)	-	(13,472)	(13,472)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (84,362)</b>	<b>\$ 79</b>	<b>\$ 84,441</b>	<b>\$ (65,833)</b>	<b>\$ (14,858)</b>	<b>\$ 50,975</b>

Transportation			Aging			Healthcare and Family Services		
Federal/Local Airport			Services for Older Americans			Low Income Home Energy Block Grant		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 124,000	\$ 91,552	\$ (32,448)	\$ 61,823	\$ 56,508	\$ (5,315)	\$ 148,139	\$ 133,444	\$ (14,695)
12,000	6,898	(5,102)						
						600	-	(600)
136,000	98,450	(37,550)	61,823	56,508	(5,315)	147,539	133,444	(14,095)
			73,139	59,409	(13,730)	307,391	136,096	(171,295)
						45	45	-
96,174	96,174	-						
			1	1	-	145	13	(132)
96,174	96,174	-	73,140	59,410	(13,730)	307,581	136,154	(171,427)
39,826	2,276	(37,550)	(11,317)	(2,902)	8,415	(160,042)	(2,710)	157,332
			(217)	(217)	-			
39,826	2,276	(37,550)	(11,534)	(3,119)	8,415	(160,042)	(2,710)	157,332
1,652	1,652	-	(9,950)	(9,950)	-	(4,735)	(4,735)	-
\$ 41,478	\$ 3,928	\$ (37,550)	\$ (21,484)	\$ (13,069)	\$ 8,415	\$ (164,777)	\$ (7,445)	\$ 157,332

(continued)

*State of Illinois*
**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Federal government	\$ 627,732	\$ 583,793	\$ (43,939)
Other	23,646	30,980	7,334
Less:			
Refunds	975	-	(975)
<b>Total revenues</b>	<b>650,403</b>	<b>614,773</b>	<b>(35,630)</b>
<b>EXPENDITURES:</b>			
Current:			
Health and social services	557,224	328,294	(228,930)
General government	817	735	(82)
Transportation	96,174	96,174	-
Employment and economic development	255,295	190,832	(64,463)
Capital outlays	5,962	194	(5,768)
<b>Total expenditures</b>	<b>915,472</b>	<b>616,229</b>	<b>(299,243)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(265,069)</b>	<b>(1,456)</b>	<b>263,613</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-out	(1,182)	(1,182)	-
<b>Total other sources (uses) of financial resources</b>	<b>(1,182)</b>	<b>(1,182)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(217)</b>	<b>(217)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(266,468)</b>	<b>(2,855)</b>	<b>263,613</b>
Budgetary fund balances (deficits), July 1, 2007	(28,510)	(28,510)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (294,978)</b>	<b>\$ (31,365)</b>	<b>\$ 263,613</b>

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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Agencies, Boards and Commissions**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	State Board of Education			Emergency Management Agency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 1,742,792	\$ 1,843,888	\$ 101,096	\$ 138,373	\$ 101,265	\$ (37,108)
Other				-	175	175
<b>Total revenues</b>	<b>1,742,792</b>	<b>1,843,888</b>	<b>101,096</b>	<b>138,373</b>	<b>101,440</b>	<b>(36,933)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				2,100	201	(1,899)
Education	2,159,652	1,852,163	(307,489)			
General government	12	12	-	140	140	-
Transportation				2,571	880	(1,691)
Public protection and justice				333,600	90,223	(243,377)
Environment and business regulation				79,091	25,142	(53,949)
Capital outlays	615	268	(347)			
<b>Total expenditures</b>	<b>2,160,279</b>	<b>1,852,443</b>	<b>(307,836)</b>	<b>417,502</b>	<b>116,586</b>	<b>(300,916)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(417,487)</b>	<b>(8,555)</b>	<b>408,932</b>	<b>(279,129)</b>	<b>(15,146)</b>	<b>263,983</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(22,069)	(22,069)	-			
<b>Total sources (uses) of financial resources</b>	<b>(22,069)</b>	<b>(22,069)</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(1,466)</b>	<b>(1,466)</b>	<b>-</b>	<b>(5,560)</b>	<b>(5,560)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(441,022)</b>	<b>(32,090)</b>	<b>408,932</b>	<b>(284,689)</b>	<b>(20,706)</b>	<b>263,983</b>
Budgetary fund balances (deficits), July 1, 2007	(256,285)	(256,285)	-	(4,264)	(4,264)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (697,307)</b>	<b>\$ (288,375)</b>	<b>\$ 408,932</b>	<b>\$ (288,953)</b>	<b>\$ (24,970)</b>	<b>\$ 263,983</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 109,834	\$ 106,393	\$ (3,441)	\$ 1,990,999	\$ 2,051,546	\$ 60,547
1	604	603	1	779	778
109,835	106,997	(2,838)	1,991,000	2,052,325	61,325
			2,100	201	(1,899)
			2,159,652	1,852,163	(307,489)
70	70	-	222	222	-
			2,571	880	(1,691)
97,200	54,707	(42,493)	430,800	144,930	(285,870)
55,639	38,922	(16,717)	134,730	64,064	(70,666)
903	480	(423)	1,518	748	(770)
153,812	94,179	(59,633)	2,731,593	2,063,208	(668,385)
(43,977)	12,818	56,795	(740,593)	(10,883)	729,710
			(22,069)	(22,069)	-
			(22,069)	(22,069)	-
			(7,026)	(7,026)	-
(43,977)	12,818	56,795	(769,688)	(39,978)	729,710
10,960	10,960	-	(249,589)	(249,589)	-
\$ (33,017)	\$ 23,778	\$ 56,795	\$ (1,019,277)	\$ (289,567)	\$ 729,710

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - State Board of Education**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 485,852	\$ 490,483	\$ 4,631	\$ 1,256,940	\$ 1,353,405	\$ 96,465
<b>Total revenues</b>	<b>485,852</b>	<b>490,483</b>	<b>4,631</b>	<b>1,256,940</b>	<b>1,353,405</b>	<b>96,465</b>
<b>EXPENDITURES:</b>						
Current:						
Education	483,388	479,983	(3,405)	1,676,264	1,372,180	(304,084)
General government	1	1	-	11	11	-
Capital outlays	160	153	(7)	455	115	(340)
<b>Total expenditures</b>	<b>483,549</b>	<b>480,137</b>	<b>(3,412)</b>	<b>1,676,730</b>	<b>1,372,306</b>	<b>(304,424)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,303</b>	<b>10,346</b>	<b>8,043</b>	<b>(419,790)</b>	<b>(18,901)</b>	<b>400,889</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(568)	(568)	-	(21,501)	(21,501)	-
<b>Total other sources (uses) of financial resources</b>	<b>(568)</b>	<b>(568)</b>	<b>-</b>	<b>(21,501)</b>	<b>(21,501)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(211)</b>	<b>(211)</b>	<b>-</b>	<b>(1,255)</b>	<b>(1,255)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>1,524</b>	<b>9,567</b>	<b>8,043</b>	<b>(442,546)</b>	<b>(41,657)</b>	<b>400,889</b>
Budgetary fund balances (deficits), July 1, 2007	(26,679)	(26,679)	-	(229,606)	(229,606)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (25,155)</b>	<b>\$ (17,112)</b>	<b>\$ 8,043</b>	<b>\$ (672,152)</b>	<b>\$ (271,263)</b>	<b>\$ 400,889</b>



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Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,742,792	\$ 1,843,888	\$ 101,096
1,742,792	1,843,888	101,096

2,159,652	1,852,163	(307,489)
12	12	-
615	268	(347)
2,160,279	1,852,443	(307,836)

(417,487)	(8,555)	408,932
(22,069)	(22,069)	-
(22,069)	(22,069)	-
(1,466)	(1,466)	-

(441,022)	(32,090)	408,932
(256,285)	(256,285)	-
\$ (697,307)	\$ (288,375)	\$ 408,932

**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Illinois Emergency Management Agency**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Federal Aid Disaster			Federal Civil Preparedness Administrative		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 43,192	\$ 26,575	\$ (16,617)	\$ 95,181	\$ 74,690	\$ (20,491)
Other				-	175	175
<b>Total revenues</b>	<b>43,192</b>	<b>26,575</b>	<b>(16,617)</b>	<b>95,181</b>	<b>74,865</b>	<b>(20,316)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				2,100	201	(1,899)
General government				140	140	-
Transportation				2,571	880	(1,691)
Public protection and justice				333,600	90,223	(243,377)
Environment and business regulation	77,000	23,922	(53,078)	2,091	1,220	(871)
<b>Total expenditures</b>	<b>77,000</b>	<b>23,922</b>	<b>(53,078)</b>	<b>340,502</b>	<b>92,664</b>	<b>(247,838)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(33,808)</b>	<b>2,653</b>	<b>36,461</b>	<b>(245,321)</b>	<b>(17,799)</b>	<b>227,522</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>	<b>(5,557)</b>	<b>(5,557)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts</b>	<b>(33,811)</b>	<b>2,650</b>	<b>36,461</b>	<b>(250,878)</b>	<b>(23,356)</b>	<b>227,522</b>
Budgetary fund balances (deficits), July 1, 2007	(4,054)	(4,054)	-	(210)	(210)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (37,865)</b>	<b>\$ (1,404)</b>	<b>\$ 36,461</b>	<b>\$ (251,088)</b>	<b>\$ (23,566)</b>	<b>\$ 227,522</b>

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Total		
Final Budget	Actual	Variance Over (Under)
\$ 138,373	\$ 101,265	\$ (37,108)
-	175	175
138,373	101,440	(36,933)

2,100	201	(1,899)
140	140	-
2,571	880	(1,691)
333,600	90,223	(243,377)
79,091	25,142	(53,949)
417,502	116,586	(300,916)

(279,129)	(15,146)	263,983
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(5,560)	(5,560)	-
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(284,689)	(20,706)	263,983
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(4,264)	(4,264)	-
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\$ (288,953)	\$ (24,970)	\$ 263,983
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**State of Illinois**

**Combining Schedule of Revenues, Expenditures and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Other Agencies, Boards, and Commissions**  
For the Year Ended June 30, 2008 (Expressed in Thousands)

	Environmental Protection Agency U. S. Environmental Protection			Criminal Justice Information Authority Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 56,000	\$ 38,600	\$ (17,400)	\$ 53,834	\$ 67,793	\$ 13,959
Other	1	2	1	-	602	602
<b>Total revenues</b>	<b>56,001</b>	<b>38,602</b>	<b>(17,399)</b>	<b>53,834</b>	<b>68,395</b>	<b>14,561</b>
<b>EXPENDITURES:</b>						
Current:						
General government	22	22	-	48	48	-
Public protection and justice				97,200	54,707	(42,493)
Environment and business regulation	55,639	38,922	(16,717)			
Capital outlays	903	480	(423)			
<b>Total expenditures</b>	<b>56,564</b>	<b>39,424</b>	<b>(17,140)</b>	<b>97,248</b>	<b>54,755</b>	<b>(42,493)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(563)</b>	<b>(822)</b>	<b>(259)</b>	<b>(43,414)</b>	<b>13,640</b>	<b>57,054</b>
Budgetary fund balances, July 1, 2007	3,357	3,357	-	7,603	7,603	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 2,794</b>	<b>\$ 2,535</b>	<b>\$ (259)</b>	<b>\$ (35,811)</b>	<b>\$ 21,243</b>	<b>\$ 57,054</b>

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Total		
Final Budget	Actual	Variance Over (Under)

\$	109,834	\$	106,393	\$	(3,441)
	1		604		603
	109,835		106,997		(2,838)

	70		70		-
	97,200		54,707		(42,493)
	55,639		38,922		(16,717)
	903		480		(423)
	153,812		94,179		(59,633)

	(43,977)		12,818		56,795
	10,960		10,960		-
\$	(33,017)	\$	23,778	\$	56,795

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
Federal Trust Funds - Student Assistance Commission**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 78,635	\$ 113,010	\$ 34,375			
Other	110,787	108,279	(2,508)	\$ 44,830	\$ 68,538	\$ 23,708
<b>Total revenues</b>	<b>189,422</b>	<b>221,289</b>	<b>31,867</b>	<b>44,830</b>	<b>68,538</b>	<b>23,708</b>
<b>EXPENDITURES:</b>						
Current:						
Education	342,504	219,533	(122,971)	84,863	47,571	(37,292)
Capital outlays				535	391	(144)
<b>Total expenditures</b>	<b>342,504</b>	<b>219,533</b>	<b>(122,971)</b>	<b>85,398</b>	<b>47,962</b>	<b>(37,436)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(153,082)</b>	<b>1,756</b>	<b>154,838</b>	<b>(40,568)</b>	<b>20,576</b>	<b>61,144</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out				(5)	(5)	-
<b>Total other sources (uses) of financial resources</b>				<b>(5)</b>	<b>(5)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(153,082)</b>	<b>1,756</b>	<b>154,838</b>	<b>(40,573)</b>	<b>20,571</b>	<b>61,144</b>
Budgetary fund balances (deficits), July 1, 2007	24,907	24,907	-	(8,557)	(8,557)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (128,175)</b>	<b>\$ 26,663</b>	<b>\$ 154,838</b>	<b>\$ (49,130)</b>	<b>\$ 12,014</b>	<b>\$ 61,144</b>

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Total		
Final Budget	Actual	Variance Over (Under)
\$ 78,635	\$ 113,010	\$ 34,375
155,617	176,817	21,200
234,252	289,827	55,575

427,367	267,104	(160,263)
535	391	(144)
427,902	267,495	(160,407)

(193,650)	22,332	215,982
(5)	(5)	-
(5)	(5)	-

(193,655)	22,327	215,982
16,350	16,350	-
\$ (177,305)	\$ 38,677	\$ 215,982

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 377	\$ 4,474	\$ 4,097			
Other	543,432	512,837	(30,595)	\$ 42,343	\$ 42,228	\$ (115)
Less:						
Refunds	11,903	4,354	(7,549)	11	3	(8)
<b>Total revenues</b>	<b>531,906</b>	<b>512,957</b>	<b>(18,949)</b>	<b>42,332</b>	<b>42,225</b>	<b>(107)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	736,075	607,860	(128,215)	14	14	-
Transportation						
Public protection and justice				41,272	39,975	(1,297)
Capital outlays	1,011	615	(396)	500	204	(296)
<b>Total expenditures</b>	<b>737,086</b>	<b>608,475</b>	<b>(128,611)</b>	<b>41,786</b>	<b>40,193</b>	<b>(1,593)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(205,180)</b>	<b>(95,518)</b>	<b>109,662</b>	<b>546</b>	<b>2,032</b>	<b>1,486</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	109,571	109,571	-			
Operating transfers-out	(5,466)	(5,466)	-	(475)	(475)	-
<b>Total other sources (uses) of financial resources</b>	<b>104,105</b>	<b>104,105</b>	<b>-</b>	<b>(475)</b>	<b>(475)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(101,075)</b>	<b>8,587</b>	<b>109,662</b>	<b>71</b>	<b>1,557</b>	<b>1,486</b>
Budgetary fund balances (deficits), July 1, 2007	(20,575)	(20,575)	-	(2,673)	(2,673)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (121,650)</b>	<b>\$ (11,988)</b>	<b>\$ 109,662</b>	<b>\$ (2,602)</b>	<b>\$ (1,116)</b>	<b>\$ 1,486</b>



Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 377	\$ 4,474	\$ 4,097
\$ 1,187	\$ 3,357	\$ 2,170	586,962	558,422	(28,540)
			11,914	4,357	(7,557)
1,187	3,357	2,170	575,425	558,539	(16,886)
19,900	12,915	(6,985)	755,989	620,789	(135,200)
800	719	(81)	800	719	(81)
			41,272	39,975	(1,297)
85	16	(69)	1,596	835	(761)
20,785	13,650	(7,135)	799,657	662,318	(137,339)
(19,598)	(10,293)	9,305	(224,232)	(103,779)	120,453
10,143	10,143	-	119,714	119,714	-
(647)	(647)	-	(6,588)	(6,588)	-
9,496	9,496	-	113,126	113,126	-
(10,102)	(797)	9,305	(111,106)	9,347	120,453
\$ 9,297	9,297	-	(13,951)	(13,951)	-
(805)	\$ 8,500	\$ 9,305	\$ (125,057)	\$ (4,604)	\$ 120,453

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 5	\$ 10	\$ 5			
Other	42,399	46,160	3,761	\$ 163,800	\$ 121,533	\$ (42,267)
Less:						
Refunds	10	1	(9)	6,300	-	(6,300)
<b>Total revenues</b>	<b>42,394</b>	<b>46,169</b>	<b>3,775</b>	<b>157,500</b>	<b>121,533</b>	<b>(35,967)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	45,974	44,015	(1,959)	170,686	126,019	(44,667)
Capital outlays	435	416	(19)	205	60	(145)
<b>Total expenditures</b>	<b>46,409</b>	<b>44,431</b>	<b>(1,978)</b>	<b>170,891</b>	<b>126,079</b>	<b>(44,812)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,015)</b>	<b>1,738</b>	<b>5,753</b>	<b>(13,391)</b>	<b>(4,546)</b>	<b>8,845</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(797)	(797)	-	(2,191)	(2,191)	-
<b>Total other sources (uses) of financial resources</b>	<b>(797)</b>	<b>(797)</b>	<b>-</b>	<b>(2,191)</b>	<b>(2,191)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(4,812)</b>	<b>941</b>	<b>5,753</b>	<b>(15,582)</b>	<b>(6,737)</b>	<b>8,845</b>
Budgetary fund balances (deficits), July 1, 2007	(6,261)	(6,261)	-	4,436	4,436	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (11,073)</b>	<b>\$ (5,320)</b>	<b>\$ 5,753</b>	<b>\$ (11,146)</b>	<b>\$ (2,301)</b>	<b>\$ 8,845</b>

Communications			Facilities Management			Workers' Compensation		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$								
372	\$ 4,461	\$ 4,089	\$ -	\$ 3	\$ 3			
125,931	117,242	(8,689)	209,409	212,457	3,048	\$ 1,893	\$ 15,445	\$ 13,552
5,593	4,353	(1,240)						
120,710	117,350	(3,360)	209,409	212,460	3,051	1,893	15,445	13,552
150,491	118,762	(31,729)	241,002	199,687	(41,315)	127,922	119,377	(8,545)
185	121	(64)	184	18	(166)	2	-	(2)
150,676	118,883	(31,793)	241,186	199,705	(41,481)	127,924	119,377	(8,547)
(29,966)	(1,533)	28,433	(31,777)	12,755	44,532	(126,031)	(103,932)	22,099
(1,022)	(1,022)	-	(1,456)	(1,456)	-	109,571	109,571	-
(1,022)	(1,022)	-	(1,456)	(1,456)	-	109,571	109,571	-
(30,988)	(2,555)	28,433	(33,233)	11,299	44,532	(16,460)	5,639	22,099
(6,595)	(6,595)	-	(13,937)	(13,937)	-	1,782	1,782	-
\$								
(37,583)	\$ (9,150)	\$ 28,433	\$ (47,170)	\$ (2,638)	\$ 44,532	\$ (14,678)	\$ 7,421	\$ 22,099

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*State of Illinois*
**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Federal government	\$ 377	\$ 4,474	\$ 4,097
Other	543,432	512,837	(30,595)
Less:			
Refunds	11,903	4,354	(7,549)
<b>Total revenues</b>	<b>531,906</b>	<b>512,957</b>	<b>(18,949)</b>
<b>EXPENDITURES:</b>			
Current:			
General government	736,075	607,860	(128,215)
Capital outlays	1,011	615	(396)
<b>Total expenditures</b>	<b>737,086</b>	<b>608,475</b>	<b>(128,611)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(205,180)</b>	<b>(95,518)</b>	<b>109,662</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	109,571	109,571	-
Operating transfers-out	(5,466)	(5,466)	-
<b>Total other sources (uses) of financial resources</b>	<b>104,105</b>	<b>104,105</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(101,075)</b>	<b>8,587</b>	<b>109,662</b>
Budgetary fund balances (deficits), July 1, 2007	(20,575)	(20,575)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (121,650)</b>	<b>\$ (11,988)</b>	<b>\$ 109,662</b>

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**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards, and Commissions State Employees' Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes	\$ 765,323	\$ 765,323	\$ -			
Motor fuel taxes	30,965	34,103	3,138			
Public utility taxes	288,232	288,238	6			
Federal government	48,565	74,903	26,338			
Other	853,086	1,044,662	191,576	\$ 1,371,447	\$ 1,371,447	\$ -
Less:						
Refunds	312	274	(38)			
<b>Total revenues</b>	<b>1,985,859</b>	<b>2,206,955</b>	<b>221,096</b>	<b>1,371,447</b>	<b>1,371,447</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	179,245	161,550	(17,695)			
Education						
General government	95,438	81,630	(13,808)	200,000	78,952	(121,048)
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays	2,304	749	(1,555)			
<b>Total expenditures</b>	<b>276,987</b>	<b>243,929</b>	<b>(33,058)</b>	<b>200,000</b>	<b>78,952</b>	<b>(121,048)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,708,872</b>	<b>1,963,026</b>	<b>254,154</b>	<b>1,171,447</b>	<b>1,292,495</b>	<b>121,048</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(238,130)	(238,130)	-	(166)	(166)	-
<b>Total other sources (uses) of financial resources</b>	<b>(238,130)</b>	<b>(238,130)</b>	<b>-</b>	<b>(166)</b>	<b>(166)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(1,698,136)</b>	<b>(1,698,136)</b>	<b>-</b>	<b>(1,237,385)</b>	<b>(1,237,385)</b>	
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(227,394)</b>	<b>26,760</b>	<b>254,154</b>	<b>(66,104)</b>	<b>54,944</b>	<b>121,048</b>
<b>Budgetary fund balances, July 1, 2007, as previously reported</b>	<b>119,444</b>	<b>119,444</b>	<b>-</b>	<b>240,905</b>	<b>240,905</b>	<b>-</b>
<b>Reclassifications between budgetary/nonbudgetary funds-net</b>	<b>48,119</b>	<b>48,119</b>	<b>-</b>			
<b>Budgetary fund balances July 1, 2007, as reclassified</b>	<b>167,563</b>	<b>167,563</b>	<b>-</b>	<b>240,905</b>	<b>240,905</b>	<b>-</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (59,831)</b>	<b>\$ 194,323</b>	<b>\$ 254,154</b>	<b>\$ 174,801</b>	<b>\$ 295,849</b>	<b>\$ 121,048</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 765,323	\$ 765,323	\$ -
			30,965	34,103	3,138
			288,232	288,238	6
\$ 39,303	\$ 30,401	\$ (8,902)	87,868	105,304	17,436
26,511	48,529	22,018	2,251,044	2,464,638	213,594
			312	274	(38)
65,814	78,930	13,116	3,423,120	3,657,332	234,212
15,250	10,483	(4,767)	194,495	172,033	(22,462)
17,009	4,803	(12,206)	17,009	4,803	(12,206)
39,263	25,139	(14,124)	334,701	185,721	(148,980)
2,950	1,466	(1,484)	2,950	1,466	(1,484)
25	20	(5)	25	20	(5)
29,391	10,212	(19,179)	29,391	10,212	(19,179)
			2,304	749	(1,555)
103,888	52,123	(51,765)	580,875	375,004	(205,871)
(38,074)	26,807	64,881	2,842,245	3,282,328	440,083
760	760	-	760	760	-
(651)	(651)	-	(238,947)	(238,947)	-
109	109	-	(238,187)	(238,187)	-
(18,821)	(18,821)	-	(2,954,342)	(2,954,342)	-
(56,786)	8,095	64,881	(350,284)	89,799	440,083
53,891	53,891	-	414,240	414,240	-
21,958	21,958	-	70,077	70,077	-
75,849	75,849	-	484,317	484,317	-
\$ 19,063	\$ 83,944	\$ 64,881	\$ 134,033	\$ 574,116	\$ 440,083

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Code Departments**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Central Management Services			Human Services		
	Final Budget	Actual	Variance Over (Under)	Early Intervention Services Final Budget	Revolving Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 14	\$ 17	\$ 3	\$ 48,391	\$ 51,734	\$ 3,343
Other	258,556	264,245	5,689	83,030	78,491	(4,539)
Less:						
Refunds				300	274	(26)
<b>Total revenues</b>	<b>258,570</b>	<b>264,262</b>	<b>5,692</b>	<b>131,121</b>	<b>129,951</b>	<b>(1,170)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				134,992	134,109	(883)
General government	93,342	79,970	(13,372)	17	17	-
Capital outlays						
<b>Total expenditures</b>	<b>93,342</b>	<b>79,970</b>	<b>(13,372)</b>	<b>135,009</b>	<b>134,126</b>	<b>(883)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>165,228</b>	<b>184,292</b>	<b>19,064</b>	<b>(3,888)</b>	<b>(4,175)</b>	<b>(287)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(90)	(90)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(90)</b>	<b>(90)</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(179,510)</b>	<b>(179,510)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(14,372)</b>	<b>4,692</b>	<b>19,064</b>	<b>(3,888)</b>	<b>(4,175)</b>	<b>(287)</b>
<b>Budgetary fund balances, July 1, 2007, as previously reported</b>	<b>1,526</b>	<b>1,526</b>	<b>-</b>	<b>1,090</b>	<b>1,090</b>	<b>-</b>
<b>Reclassifications between budgetary/nonbudgetary funds</b>						
<b>Budgetary fund balances, July 1, 2007, as reclassified</b>	<b>1,526</b>	<b>1,526</b>	<b>-</b>	<b>1,090</b>	<b>1,090</b>	<b>-</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (12,846)</b>	<b>\$ 6,218</b>	<b>\$ 19,064</b>	<b>\$ (2,798)</b>	<b>\$ (3,085)</b>	<b>\$ (287)</b>



Healthcare and Family Services			Revenue			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 765,323	\$ 765,323	\$ -	\$ 765,323	\$ 765,323	\$ -
			30,965	34,103	3,138	30,965	34,103	3,138
			288,232	288,238	6	288,232	288,238	6
\$ 160	\$ 23,152	\$ 22,992				48,565	74,903	26,338
508,353	698,900	190,547	3,147	3,026	(121)	853,086	1,044,662	191,576
			12	-	(12)	312	274	(38)
508,513	722,052	213,539	1,087,655	1,090,690	3,035	1,985,859	2,206,955	221,096
44,253	27,441	(16,812)				179,245	161,550	(17,695)
870	466	(404)	1,209	1,177	(32)	95,438	81,630	(13,808)
2,304	749	(1,555)				2,304	749	(1,555)
47,427	28,656	(18,771)	1,209	1,177	(32)	276,987	243,929	(33,058)
461,086	693,396	232,310	1,086,446	1,089,513	3,067	1,708,872	1,963,026	254,154
(238,040)	(238,040)	-				(238,130)	(238,130)	-
(238,040)	(238,040)	-				(238,130)	(238,130)	-
(458,024)	(458,024)	-	(1,060,602)	(1,060,602)	-	(1,698,136)	(1,698,136)	-
(234,978)	(2,668)	232,310	25,844	28,911	3,067	(227,394)	26,760	254,154
3,076	3,076	-	113,752	113,752	-	119,444	119,444	-
48,119	48,119	-				48,119	48,119	-
51,195	51,195	-	113,752	113,752	-	167,563	167,563	-
\$ (183,783)	\$ 48,527	\$ 232,310	\$ 139,596	\$ 142,663	\$ 3,067	\$ (59,831)	\$ 194,323	\$ 254,154

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)**

**State Trust Funds - Department of Central Management Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Group Insurance Premium			State Employees Deferred Compensation Plan		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 14	\$ 17	\$ 3			
Other	78,509	84,198	5,689	\$ 180,047	\$ 180,047	\$ -
<b>Total revenues</b>	<b>78,523</b>	<b>84,215</b>	<b>5,692</b>	<b>180,047</b>	<b>180,047</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
General government	91,644	78,765	(12,879)	1,698	1,205	(493)
<b>Total expenditures</b>	<b>91,644</b>	<b>78,765</b>	<b>(12,879)</b>	<b>1,698</b>	<b>1,205</b>	<b>(493)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(13,121)</b>	<b>5,450</b>	<b>18,571</b>	<b>178,349</b>	<b>178,842</b>	<b>493</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(60)	(60)	-	(30)	(30)	-
<b>Total other sources (uses) of financial resources</b>	<b>(60)</b>	<b>(60)</b>	<b>-</b>	<b>(30)</b>	<b>(30)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(179,510)</b>	<b>(179,510)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(13,181)</b>	<b>5,390</b>	<b>18,571</b>	<b>(1,191)</b>	<b>(698)</b>	<b>493</b>
Budgetary fund balances (deficits), July 1, 2007	(2,199)	(2,199)	-	3,725	3,725	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (15,380)</b>	<b>\$ 3,191</b>	<b>\$ 18,571</b>	<b>\$ 2,534</b>	<b>\$ 3,027</b>	<b>\$ 493</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 14	\$ 17	\$ 3
258,556	264,245	5,689
258,570	264,262	5,692
93,342	79,970	(13,372)
93,342	79,970	(13,372)
165,228	184,292	19,064
(90)	(90)	-
(90)	(90)	-
(179,510)	(179,510)	-
(14,372)	4,692	19,064
1,526	1,526	-
\$ (12,846)	\$ 6,218	\$ 19,064

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Public Aid Recoveries Trust			Local Government Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ -	\$ 22,992	\$ 22,992	\$ 160	\$ 160	\$ -
Other	245,047	435,501	190,454	61,418	61,418	-
<b>Total revenues</b>	<b>245,047</b>	<b>458,493</b>	<b>213,446</b>	<b>61,578</b>	<b>61,578</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	39,115	22,360	(16,755)	5,138	5,081	(57)
General government	1	1	-	869	465	(404)
Capital outlays	2,304	749	(1,555)			
<b>Total expenditures</b>	<b>41,420</b>	<b>23,110</b>	<b>(18,310)</b>	<b>6,007</b>	<b>5,546</b>	<b>(461)</b>
<b>Excess of revenues over expenditures</b>	<b>203,627</b>	<b>435,383</b>	<b>231,756</b>	<b>55,571</b>	<b>56,032</b>	<b>461</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(198,033)	(198,033)	-	(7)	(7)	-
<b>Total other sources (uses) of financial resources</b>	<b>(198,033)</b>	<b>(198,033)</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(241,188)</b>	<b>(241,188)</b>	<b>-</b>	<b>(54,372)</b>	<b>(54,372)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(235,594)</b>	<b>(3,838)</b>	<b>231,756</b>	<b>1,192</b>	<b>1,653</b>	<b>461</b>
<b>Budgetary fund balances (deficits), July 1, 2007, as previously reported</b>	<b>(2,330)</b>	<b>(2,330)</b>	<b>-</b>	<b>5,406</b>	<b>5,406</b>	<b>-</b>
<b>Reclassifications between budgetary/nonbudgetary funds</b>						
<b>Budgetary fund balances (deficits), July 1, 2007, as reclassified</b>	<b>(2,330)</b>	<b>(2,330)</b>	<b>-</b>	<b>5,406</b>	<b>5,406</b>	<b>-</b>
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ (237,924)</b>	<b>\$ (6,168)</b>	<b>\$ 231,756</b>	<b>\$ 6,598</b>	<b>\$ 7,059</b>	<b>\$ 461</b>

Child Support Enforcement Trust			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 160	\$ 23,152	\$ 22,992
\$ 201,888	\$ 201,981	\$ 93	508,353	698,900	190,547
201,888	201,981	93	508,513	722,052	213,539
			44,253	27,441	(16,812)
			870	466	(404)
			2,304	749	(1,555)
			47,427	28,656	(18,771)
201,888	201,981	93	461,086	693,396	232,310
(40,000)	(40,000)	-	(238,040)	(238,040)	-
(40,000)	(40,000)	-	(238,040)	(238,040)	-
(162,464)	(162,464)	-	(458,024)	(458,024)	-
(576)	(483)	93	(234,978)	(2,668)	232,310
			3,076	3,076	-
48,119	48,119	-	48,119	48,119	-
48,119	48,119	-	51,195	51,195	-
\$ 47,543	\$ 47,636	\$ 93	\$ (183,783)	\$ 48,527	\$ 232,310

**State of Illinois**

**Combining Schedule of Revenues, Expenditures, and Changes  
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)  
State Trust Funds - Department of Revenue**

For the Year Ended June 30, 2008 (Expressed in Thousands)

	Home Rule Municipal ROT			County Option Motor Fuel Tax		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes	\$ 765,323	\$ 765,323	\$ -			
Motor fuel taxes				\$ 30,965	\$ 34,103	\$ 3,138
Public utility taxes						
Other	2,789	2,789	-	215	237	22
Less:						
Refunds						
<b>Total revenues</b>	<b>768,112</b>	<b>768,112</b>	<b>-</b>	<b>31,180</b>	<b>34,340</b>	<b>3,160</b>
<b>EXPENDITURES:</b>						
Current:						
General government	605	601	(4)	604	576	(28)
<b>Total expenditures</b>	<b>605</b>	<b>601</b>	<b>(4)</b>	<b>604</b>	<b>576</b>	<b>(28)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>767,507</b>	<b>767,511</b>	<b>4</b>	<b>30,576</b>	<b>33,764</b>	<b>3,188</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(738,353)</b>	<b>(738,353)</b>	<b>-</b>	<b>(33,653)</b>	<b>(33,653)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts</b>	<b>29,154</b>	<b>29,158</b>	<b>4</b>	<b>(3,077)</b>	<b>111</b>	<b>3,188</b>
Budgetary fund balances, July 1, 2007	68,523	68,523	-	6,126	6,126	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2008</b>	<b>\$ 97,677</b>	<b>\$ 97,681</b>	<b>\$ 4</b>	<b>\$ 3,049</b>	<b>\$ 6,237</b>	<b>\$ 3,188</b>

Municipal Telecommunications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 765,323	\$ 765,323	\$ -
			30,965	34,103	3,138
\$ 288,232	\$ 288,238	\$ 6	288,232	288,238	6
143	-	(143)	3,147	3,026	(121)
12	-	(12)	12	-	(12)
288,363	288,238	(125)	1,087,655	1,090,690	3,035
			1,209	1,177	(32)
			1,209	1,177	(32)
288,363	288,238	(125)	1,086,446	1,089,513	3,067
(288,596)	(288,596)	-	(1,060,602)	(1,060,602)	-
(233)	(358)	(125)	25,844	28,911	3,067
39,103	39,103	-	113,752	113,752	-
\$ 38,870	\$ 38,745	\$ (125)	\$ 139,596	\$ 142,663	\$ 3,067

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# Statistical Section

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## **STATISTICAL SECTION**

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	375
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the State's most significant revenue sources: the personal income tax and the sales tax.	380
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	384
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	392
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	394

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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## Net Assets by Component

Last Seven Fiscal Year Ends

(Accrual Basis of Accounting, Amounts in Thousands)

	June 30,						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>							
Invested in capital assets, net of related debt	\$ 11,250,191	\$ 11,750,160	11,924,560	\$ 12,088,581	\$ 12,518,094	\$ 13,370,326	\$ 13,688,917
Restricted	1,596,793	1,855,032	912,938	942,154	956,926	954,435	978,277
Unrestricted	(21,586,492)	(26,445,507)	(28,248,123)	(30,611,904)	(32,218,061)	(35,169,568)	(39,089,004)
<b>Total governmental activities net assets</b>	<b>(8,739,508)</b>	<b>(12,840,315)</b>	<b>(15,410,625)</b>	<b>(17,581,169)</b>	<b>(18,743,041)</b>	<b>(20,844,807)</b>	<b>(24,421,810)</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	4,288	3,615	3,539	3,110	3,114	2,966	2,983
Restricted	2,803,667	2,037,232	2,380,247	2,598,458	3,923,607	4,534,492	4,533,482
Unrestricted	195,504	137,542	(352,806)	170,619	(111,414)	(15,145)	(840)
<b>Total business-type activities net assets</b>	<b>3,003,459</b>	<b>2,178,389</b>	<b>2,030,980</b>	<b>2,772,187</b>	<b>3,815,307</b>	<b>4,522,313</b>	<b>4,535,625</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	11,254,479	11,753,775	11,928,099	12,091,691	12,521,208	13,373,292	13,691,900
Restricted	4,400,460	3,892,264	3,293,185	3,540,612	4,880,533	5,488,927	5,511,759
Unrestricted	(21,390,988)	(26,307,965)	(28,600,929)	(30,441,285)	(32,329,475)	(35,184,713)	(39,089,844)
<b>Total primary government net assets</b>	<b>\$ (5,736,049)</b>	<b>\$ (10,661,926)</b>	<b>\$ (13,379,645)</b>	<b>\$ (14,808,982)</b>	<b>\$ (14,927,734)</b>	<b>\$ (16,322,494)</b>	<b>\$ (19,886,185)</b>

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002.

In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

## Fund Balances, Governmental Funds

Last Seven Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	June 30,						
	2002	2003	2004	2005	2006	2007	2008
<b>General fund</b>							
Reserved	\$ 101,881	\$ 275,203	\$ 145,766	\$ 50,375	\$ 49,921	\$ 53,544	\$ 67,135
Unreserved	(3,049,573)	(4,455,975)	(2,691,535)	(3,349,245)	(3,020,145)	(4,224,670)	(4,001,456)
<b>Total general fund</b>	<b>(2,947,692)</b>	<b>(4,180,772)</b>	<b>(2,545,769)</b>	<b>(3,298,870)</b>	<b>(2,970,224)</b>	<b>(4,171,126)</b>	<b>(3,934,321)</b>
<b>All other governmental funds</b>							
Reserved	\$ 158,720	\$ 166,137	\$ 316,714	\$ 158,571	\$ 180,970	\$ 165,428	\$ 488,365
Unreserved, reported in:							
Special revenue funds	2,587,096	11,044,754	1,784,366	1,830,925	2,506,755	2,441,850	2,239,066
Capital projects funds	142,562	37,208	(21,857)	32,959	465,974	143,539	46,248
Debt service funds	638,407	1,217,431	792,078	836,740	823,784	834,197	850,615
Permanent funds	2,931	2,897	539	418	1,108	1,131	1,248
<b>Total all other governmental funds</b>	<b>\$ 3,529,716</b>	<b>\$ 12,468,427</b>	<b>\$ 2,871,840</b>	<b>\$ 2,859,613</b>	<b>\$ 3,978,591</b>	<b>\$ 3,586,145</b>	<b>\$ 3,625,542</b>

Notes: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002. In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

The dramatic increase in unreserved fund balances reported in special revenue funds in fiscal year 2003 was the result of the \$10 billion general obligation bond for funding and reimbursing a portion of the State's contributions to the State's retirement system issued just prior to the end of fiscal year 2003. The majority of the bond issue was not distributed until fiscal year 2004.

## Changes in Net Assets

## Last Seven Fiscal Years

## (Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>							
<b>Expenses</b>							
Health and social services	\$ 15,773,221	\$ 16,495,962	\$ 17,746,164	\$ 19,553,743	\$ 18,591,748	\$ 21,417,224	\$ 21,660,966
Education	12,309,072	12,962,131	13,514,779	13,623,467	13,544,450	14,433,190	15,216,505
General government	610,701	846,163	535,511	492,374	1,502,362	1,668,454	1,920,205
Employment and economic development	1,275,772	1,342,665	1,217,263	968,262	1,091,298	988,866	871,604
Transportation	3,794,674	3,807,907	3,530,420	3,615,977	3,484,409	3,818,291	4,180,099
Public protection and justice	2,563,888	2,498,208	2,573,918	2,851,184	2,560,566	2,730,219	3,193,938
Environment and business regulation	823,035	867,002	778,161	899,723	733,128	835,328	920,391
Intergovernmental-revenue sharing	3,728,891	3,473,281	3,696,687	4,197,679	4,565,480	5,036,015	5,139,754
Interest	547,583	672,707	1,149,157	1,218,077	1,222,382	1,200,754	1,137,058
<b>Total governmental activities expenses</b>	<b>41,426,837</b>	<b>42,966,026</b>	<b>44,742,060</b>	<b>47,420,486</b>	<b>47,295,823</b>	<b>52,128,341</b>	<b>54,240,520</b>
<b>Program revenues</b>							
Charges for services:							
Health and social services	130,104	96,670	102,745	110,330	119,559	137,591	154,884
Education	2,306	2,306	10,630	6,685	4,381	14,650	4,529
General government	1,601,352	1,614,665	1,855,274	1,986,302	1,968,930	2,046,175	2,100,042
Employment and economic development	17,851	24,983	19,992	20,351	22,933	22,075	19,714
Transportation	20,945	20,685	21,632	28,829	30,483	44,292	78,574
Public protection and justice	111,918	81,633	79,504	87,934	92,988	89,335	97,923
Environment and business regulation	249,159	232,659	390,085	377,194	365,324	361,174	344,794
Operating grants and contributions	10,851,169	11,824,638	13,060,543	13,897,415	13,498,279	14,537,244	14,287,548
Capital grants and contributions	805,023	719,759	862,165	866,924	1,040,220	1,025,947	1,274,394
<b>Total governmental activities program revenues</b>	<b>13,789,827</b>	<b>14,617,998</b>	<b>16,402,570</b>	<b>17,381,964</b>	<b>17,143,097</b>	<b>18,278,483</b>	<b>18,362,402</b>
<b>Total governmental activities net program expense</b>	<b>(27,637,010)</b>	<b>(28,348,028)</b>	<b>(28,339,490)</b>	<b>(30,038,522)</b>	<b>(30,152,726)</b>	<b>(33,849,858)</b>	<b>(35,878,118)</b>
<b>General revenues and other changes in net assets</b>							
Taxes							
Income taxes	8,612,430	8,509,857	9,059,096	10,391,204	11,224,605	12,337,762	13,413,993
Sales taxes	8,299,981	8,227,295	8,941,852	9,150,521	9,603,316	9,846,437	10,147,458
Motor fuel taxes	1,353,947	1,325,748	1,402,081	1,425,794	1,426,605	1,443,544	1,405,713
Public utility taxes	1,508,633	1,605,144	1,510,606	1,521,187	1,523,795	1,605,502	1,691,688
Riverboat taxes	580,208	670,478	642,370	664,569	813,489	817,590	696,835
Hospital assessment taxes	68,507	83,276	76,077	707,619	75,515	1,538,512	804,168
Other taxes	1,695,624	1,827,859	1,933,620	2,112,874	1,986,155	1,973,612	2,134,966
Interest and investment income	225,460	124,407	90,573	144,455	271,291	358,191	325,057
Other revenues	755,939	1,344,446	1,547,298	1,108,333	1,404,974	1,173,423	1,013,148
Transfers	548,791	528,711	568,802	641,422	661,109	653,519	668,089
<b>Total general revenues and other changes in net assets</b>	<b>23,649,520</b>	<b>24,247,221</b>	<b>25,772,375</b>	<b>27,867,978</b>	<b>28,990,854</b>	<b>31,748,092</b>	<b>32,301,115</b>
<b>Total governmental activities change in net assets</b>	<b>(3,987,490)</b>	<b>(4,100,807)</b>	<b>(2,567,115)</b>	<b>(2,170,544)</b>	<b>(1,161,872)</b>	<b>(2,101,766)</b>	<b>(3,577,003)</b>

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002.

In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

Revenue from hospital assessment taxes increased significantly during fiscal year 2007 as the State retroactively assessed taxes for fiscal year 2006 revenues upon approval in November 2006 by the federal government of the State's Hospital Assessment plan.

## Changes in Net Assets

## Last Seven Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
<b>Business-Type Activities:</b>							
<b>Expenses</b>							
Unemployment compensation trust	2,667,222	3,054,290	2,672,436	1,982,556	1,731,262	1,795,169	1,991,147
Water revolving	9,472	15,828	18,519	23,988	22,620	22,820	17,689
Prepaid tuition program	15,864	25,825	35,771	41,148	50,730	61,641	73,559
Designated account purchase program	105,345	112,153	110,961	167,074	267,707	303,817	101,174
Insurance programs	269,068	294,569	335,476	379,752	409,726	-	-
Lottery	1,033,457	1,054,094	1,144,936	1,196,982	1,334,373	1,370,559	1,411,951
Federal student loans	116,569	117,718	102,715	123,694	146,053	180,554	192,771
Other	135,619	134,251	93,990	95,892	93,633	212,217	148,273
<b>Total business-type activities expenses</b>	<b>4,352,616</b>	<b>4,808,728</b>	<b>4,514,804</b>	<b>4,011,086</b>	<b>4,056,104</b>	<b>3,946,777</b>	<b>3,936,564</b>
<b>Program revenues</b>							
Charges for services:							
Unemployment compensation trust	1,422,942	2,009,704	2,336,187	2,602,747	2,678,643	2,391,445	1,998,139
Water revolving	34,147	38,169	38,018	49,833	55,557	62,818	44,163
Prepaid tuition program	(6,410)	13,615	50,263	49,979	52,090	127,123	(75,740)
Designated account purchase program	96,556	91,748	89,077	107,734	163,023	192,214	74,913
Insurance programs	290,357	320,299	326,380	376,730	421,950	-	-
Lottery	1,598,982	1,589,846	1,712,831	1,818,422	1,968,755	2,003,739	2,062,048
Federal student loans	114,719	115,540	98,698	117,980	134,277	172,003	25,629
Other	127,071	144,080	136,067	120,799	96,398	166,230	136,975
Operating grants and contributions	361,689	155,607	140,484	120,347	140,578	178,263	246,854
<b>Total business-type activities program revenues</b>	<b>4,040,053</b>	<b>4,478,608</b>	<b>4,928,005</b>	<b>5,364,571</b>	<b>5,711,271</b>	<b>5,293,835</b>	<b>4,512,981</b>
<b>Total business-type activities net program revenue (expense)</b>	<b>(312,563)</b>	<b>(330,120)</b>	<b>413,201</b>	<b>1,353,485</b>	<b>1,655,167</b>	<b>1,347,058</b>	<b>576,417</b>
<b>General revenues and other changes in net assets</b>							
Interest and investment income	89,136	33,647	8,057	27,679	48,698	86,036	115,694
Other revenues	100	114	135	1,465	364	1,900	145
Special items	-	-	-	-	-	-	(10,855)
Transfers	(548,791)	(528,711)	(568,802)	(641,422)	(661,109)	(653,519)	(668,089)
<b>Total business-type activities general revenues and other changes in net assets</b>	<b>(459,555)</b>	<b>(494,950)</b>	<b>(560,610)</b>	<b>(612,278)</b>	<b>(612,047)</b>	<b>(565,583)</b>	<b>(563,105)</b>
<b>Total business-type activities change in net assets</b>	<b>(772,118)</b>	<b>(825,070)</b>	<b>(147,409)</b>	<b>741,207</b>	<b>1,043,120</b>	<b>781,475</b>	<b>13,312</b>
<b>Total primary government change in net assets</b>	<b>\$ (4,759,608)</b>	<b>\$ (4,925,877)</b>	<b>\$ (2,714,524)</b>	<b>\$ (1,429,337)</b>	<b>\$ (118,752)</b>	<b>\$ (1,320,291)</b>	<b>\$ (3,563,691)</b>

Note: Effective for the year ended June 30, 2007, the Teachers Health Insurance Security Fund and the Community College Health Insurance Security Fund are reported as pension (and other employment benefit) funds. They were reported as enterprise funds in previous years.

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## Changes in Fund Balances, Governmental Funds

## Last Seven Fiscal Years

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>							
Income taxes	\$ 8,665,700	\$ 8,504,873	\$ 9,029,052	\$ 10,382,711	\$ 11,253,161	\$ 12,244,124	\$ 13,546,025
Sales taxes	8,307,399	8,227,102	8,937,628	9,148,752	9,590,006	9,864,637	10,142,098
Motor fuel taxes	1,355,665	1,377,995	1,408,961	1,425,776	1,426,963	1,436,518	1,410,656
Public utility taxes	1,533,836	1,612,941	1,489,459	1,523,083	1,531,206	1,615,402	1,695,635
Riverboat taxes	580,208	670,478	642,370	664,569	813,489	817,590	696,835
Hospital assessment taxes	68,507	83,276	76,077	707,619	75,515	804,797	1,538,237
Other taxes	1,678,874	1,827,394	1,908,260	2,118,860	1,990,265	1,973,752	2,100,913
Federal government	10,941,333	11,756,201	13,087,499	13,345,290	13,568,161	14,343,656	15,123,364
Licenses and fees	1,707,395	1,675,796	2,098,169	2,153,560	2,133,112	2,126,360	2,138,772
Interest and other investment income	223,641	123,758	90,085	142,798	265,999	349,817	318,787
Other revenues	1,656,079	2,162,727	2,374,839	2,407,546	2,668,622	2,401,881	2,186,591
<b>Total revenues</b>	<b>36,718,637</b>	<b>38,022,541</b>	<b>41,142,399</b>	<b>44,020,564</b>	<b>45,316,499</b>	<b>47,978,534</b>	<b>50,897,913</b>
<b>Expenditures</b>							
Health and social services	15,760,047	16,477,116	18,014,003	19,492,899	18,438,775	21,231,376	21,185,451
Education	11,395,816	11,693,002	18,136,163	12,218,024	11,593,903	12,357,592	13,255,528
General government	379,135	613,779	443,041	228,730	1,183,333	1,316,223	1,289,305
Employment and economic development	1,272,789	1,344,047	1,246,758	963,293	1,062,001	960,102	811,641
Transportation	2,972,064	2,942,719	2,736,531	2,702,364	2,468,345	2,800,738	3,011,771
Public protection and justice	2,476,364	2,434,904	2,887,584	2,700,104	2,338,618	2,488,988	2,693,589
Environment and business regulation	805,294	899,288	828,729	858,386	669,501	770,455	792,038
Debt service:							
Principal	663,553	735,430	662,936	775,756	820,486	864,533	937,114
Interest	405,449	490,854	1,026,546	1,083,680	1,117,167	1,116,514	1,100,439
Capital outlay	1,787,562	1,754,708	1,628,632	1,397,108	1,544,912	1,607,162	1,238,397
Intergovernmental	3,728,891	3,473,281	3,696,687	4,197,679	4,565,480	5,036,015	5,139,754
<b>Total expenditures</b>	<b>41,646,964</b>	<b>42,859,128</b>	<b>51,307,610</b>	<b>46,618,023</b>	<b>45,802,521</b>	<b>50,549,698</b>	<b>51,455,027</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,928,327)</b>	<b>(4,836,587)</b>	<b>(10,165,211)</b>	<b>(2,597,459)</b>	<b>(486,022)</b>	<b>(2,571,164)</b>	<b>(557,114)</b>
<b>Other Financing Sources (Uses)</b>							
General and special obligation bonds issued	1,650,000	11,894,304	1,525,000	1,075,000	1,140,000	258,000	175,000
Premiums on general and special obligation bonds issued	67,192	116,805	76,773	73,513	63,780	12,085	6,724
Discounts on general obligation bonds issued	-	(2,869)	-	-	-	-	-
General and special obligation refunding bonds issued	654,045	695,025	617,175	-	274,950	329,000	-
Premiums on general and special obligation refunding bonds issued	50,269	65,573	63,171	-	11,824	14,014	-
Transfers-in	5,322,479	7,488,813	10,485,498	10,017,074	8,779,739	9,088,399	11,883,985
Transfers-out	(4,783,418)	(6,960,102)	(9,889,388)	(9,331,080)	(8,073,119)	(8,402,727)	(11,214,684)
Payment to refunded bond escrow agent	(697,084)	(757,330)	(678,668)	-	(285,778)	(341,849)	-
Capital lease financing	21,829	4,415	2,512	3,232	1,366	8,288	1,625
Proceeds from disposition of capital assets	-	-	-	-	5,500	-	-
<b>Total other financing sources (uses)</b>	<b>2,285,312</b>	<b>12,544,634</b>	<b>2,202,073</b>	<b>1,837,739</b>	<b>1,918,262</b>	<b>965,210</b>	<b>852,650</b>
<b>Net change in fund balances</b>	<b>\$ (2,643,015)</b>	<b>\$ 7,708,047</b>	<b>\$ (7,963,138)</b>	<b>\$ (759,720)</b>	<b>\$ 1,432,240</b>	<b>\$ (1,605,954)</b>	<b>\$ 295,536</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.68%</b>	<b>2.98%</b>	<b>3.40%</b>	<b>4.11%</b>	<b>4.38%</b>	<b>4.05%</b>	<b>4.06%</b>

Note: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002. In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

The dramatic increase in net change in fund balances reported in fiscal year 2003 was the result of the \$10 billion general obligation bond issued for funding and reimbursing a portion of the State's contributions to the State's retirement systems. The majority of the bond issue was shown as expenditures in fiscal year 2004 causing a corresponding decrease in net change in fund balance.

Revenue from hospital assessment taxes increased significantly during fiscal year 2008 as the State recognized assessed taxes from the previous fiscal year which were unavailable at June 30, 2007.

**State of Illinois****Personal Income by Industry  
Last Ten Calendar Years  
(Amounts in Thousands)**

	For the Calendar Year				
	1998	1999	2000	2001	2002
Farm earnings	\$ 1,487,423	\$ 934,981	\$ 1,337,793	\$ 1,128,921	\$ 407,582
Agricultural/forestry, fishing, and other	1,330,134	1,453,704	1,573,006	334,309	324,781
Mining	884,433	956,772	1,055,400	1,643,287	1,834,033
Construction/utilities	14,738,185	16,603,565	17,834,336	22,083,170	22,935,639
Manufacturing	52,433,443	53,772,896	55,608,143	46,710,593	46,667,283
Transportation and public utilities	20,155,472	21,593,836	22,568,437	13,080,935	13,034,758
Wholesale trade	19,768,398	21,183,680	22,928,211	20,517,368	20,359,083
Retail trade	21,226,136	22,548,889	23,511,976	18,654,357	19,063,948
Finance, insurance, and real estate	28,830,206	32,038,963	34,896,045	35,551,295	37,008,808
Services	81,062,463	84,848,817	91,566,625	116,355,031	118,176,414
Federal, civilian	6,183,558	6,314,985	6,758,220	6,639,827	6,967,149
Military	1,934,042	2,007,022	2,069,468	2,177,901	2,378,957
State and local government	28,173,128	29,771,272	31,316,032	33,294,753	35,266,504
Other	81,887,521	79,355,258	87,349,588	89,081,848	89,285,814
<b>Total personal income</b>	<b>\$ 360,094,542</b>	<b>\$ 373,384,640</b>	<b>\$ 400,373,280</b>	<b>\$ 407,253,595</b>	<b>\$ 413,710,753</b>
<b>Tax liability</b>	<b>\$ 6,425,611</b>	<b>\$ 6,745,011</b>	<b>\$ 7,135,222</b>	<b>\$ 6,773,749</b>	<b>\$ 6,500,463</b>
<b>Average effective rate</b>	<b>1.78%</b>	<b>1.81%</b>	<b>1.78%</b>	<b>1.66%</b>	<b>1.57%</b>

Note: The total direct rate for personal income is not available.  
Average effective rate equals tax collections divided by income.

Source: U.S. Bureau of Economic Analysis

**State of Illinois****Taxable Sales by Industry  
Last Ten Fiscal Years  
(Amounts in Thousands)**

	For the Fiscal Year				
	1999	2000	2001	2002	2003
General merchandise	\$ 14,860,016	\$ 15,719,843	\$ 16,571,654	\$ 17,766,204	\$ 17,988,962
Food	16,306,925	17,167,623	2,165,371	18,259,623	18,433,453
Drinking and eating places	12,616,435	7,627,704	14,030,965	13,746,083	14,036,937
Apparel	4,424,325	4,615,902	4,832,152	4,681,229	4,806,953
Furniture, household, and radio	8,492,471	8,937,271	8,828,065	8,492,443	8,529,475
Lumber, building, and hardware	7,033,619	7,603,666	7,638,291	8,334,140	8,582,184
Automotive and filling stations	26,378,978	29,911,280	29,693,612	25,372,775	30,501,503
Drugs and other retail	5,040,001	17,048,416	18,202,310	18,403,946	25,348,617
Agriculture and extractives	21,273,933	21,889,025	20,974,205	51,228,642	21,010,315
Manufacturing	4,671,091	3,330,505	4,568,658	3,885,721	4,059,975
<b>Total</b>	<b>\$ 121,097,794</b>	<b>\$ 133,851,235</b>	<b>\$ 127,505,283</b>	<b>\$ 170,170,806</b>	<b>\$ 153,298,374</b>
Direct sales tax rate:					
Qualifying food, drugs, and medical appliances	1.00%	1.00%	1.00%	1.00%	1.00%
General merchandise	6.25%	6.25%	6.25%	6.25%	6.25%

Source: Department of Revenue

**Schedule 5**

<b>Ended December 31,</b>				
<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$ 1,363,710	\$ 2,800,525	\$ 1,311,217	\$ 1,386,298	\$ 2,411,768
346,970	347,912	381,828	380,666	411,829
1,977,683	2,134,466	2,422,008	2,950,219	3,217,044
23,255,272	24,229,634	25,453,406	26,875,653	26,538,887
46,677,486	48,494,594	49,324,712	51,700,336	53,124,243
12,925,609	14,114,057	14,719,773	15,518,993	15,731,580
20,589,133	21,679,524	23,026,333	24,463,961	26,100,927
19,360,800	19,738,708	20,462,034	21,035,644	21,959,256
38,456,714	41,326,337	42,174,848	44,648,904	47,250,337
120,851,456	129,252,546	137,836,874	145,599,386	154,487,098
7,105,210	7,677,816	7,975,239	8,175,410	8,437,116
2,618,910	2,764,831	2,860,818	2,926,234	3,103,022
43,301,021	41,018,070	38,703,924	39,603,688	41,087,042
88,046,713	89,572,162	96,463,884	105,184,704	122,059,400
<b>\$ 426,876,687</b>	<b>\$ 445,151,182</b>	<b>\$ 463,116,898</b>	<b>\$ 490,450,096</b>	<b>\$ 525,919,549</b>
<b>\$ 6,797,980</b>	<b>\$ 7,394,901</b>	<b>\$ 7,729,649</b>	<b>\$ 8,388,536</b>	<b>\$ 8,762,122</b>
<b>1.59%</b>	<b>1.66%</b>	<b>1.67%</b>	<b>1.71%</b>	<b>1.67%</b>

**Schedule 6**

<b>Ended June 30,</b>				
<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 18,626,322	\$ 19,088,864	\$ 19,600,033	\$ 20,309,083	\$ 20,795,910
18,741,796	18,362,003	18,832,493	18,894,356	20,055,709
14,968,004	15,652,501	16,627,151	17,116,672	17,839,212
5,159,596	5,528,017	5,827,022	6,141,805	6,360,979
9,224,073	9,897,051	10,441,898	10,280,540	10,466,904
9,593,743	10,414,709	10,879,756	10,453,412	12,620,346
30,975,760	32,207,314	35,803,644	34,942,450	37,943,597
20,414,099	21,351,837	22,775,595	24,817,828	25,329,145
20,922,639	31,350,034	25,522,299	25,952,233	27,059,367
3,896,955	4,639,168	4,927,891	5,068,327	4,990,610
<b>\$ 152,522,987</b>	<b>\$ 168,491,498</b>	<b>\$ 171,237,782</b>	<b>\$ 173,976,706</b>	<b>\$ 183,461,779</b>
<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>	<b>6.25%</b>

**Personal Income Tax Filers and Liability by Income Level**  
**Calendar Years 1998 and 2007**  
**(Amounts in Thousands)**

**For the Calendar Year Ended December 31, 1998**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	26,161	0.50%	\$ 1,173,393	18.26%
\$100,001 - \$500,000	394,721	7.61%	1,690,039	26.30%
\$50,001 - \$100,000	1,121,199	21.62%	1,885,324	29.34%
\$25,001 - \$50,000	1,320,482	25.46%	1,131,536	17.62%
\$15,001 - \$25,000	790,362	15.24%	338,410	5.27%
\$5,001 - \$15,000	945,586	18.23%	178,934	2.78%
\$5,000 and lower	562,551	10.85%	27,874	0.43%
Less than zero	24,916	0.49%	101	0.00%
<b>Total</b>	<b>5,185,978</b>	<b>100.00%</b>	<b>\$ 6,425,611</b>	<b>100.00%</b>

**For the Calendar Year Ended December 31, 2007**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	46,047	0.82%	\$ 2,143,134	24.46%
\$100,001 - \$500,000	762,914	13.56%	3,049,270	34.80%
\$50,001 - \$100,000	1,331,770	23.66%	2,083,775	23.78%
\$25,001 - \$50,000	1,308,372	23.25%	1,028,990	11.74%
\$15,001 - \$25,000	738,573	13.12%	284,937	3.25%
\$5,001 - \$15,000	894,262	15.89%	152,049	1.74%
\$5,000 and lower	500,141	8.89%	19,798	0.23%
Less than zero	45,316	0.81%	169	0.00%
<b>Total</b>	<b>5,627,395</b>	<b>100.00%</b>	<b>\$ 8,762,122</b>	<b>100.00%</b>

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer(s)'s federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate of 3%. The State exemption amount was \$1,650 for calendar year 1998 and \$2,000 for calendar year 2007. An exemption is allowed on a return for each filer(s) and dependent(s). Additional exemptions are allowed for each filer(s) who is 65 or older and for each filer(s) who is legally blind.

Source: Department of Revenue

**Sales Tax Revenue Payers by Industry**  
**Fiscal Years 1999 and 2008**  
**(Amounts in Thousands)**

For the Fiscal Year Ended June 30, 1999				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,076	0.35%	\$ 965,323	11.18%
Food	9,680	3.18%	500,603	5.79%
Drinking and eating places	26,010	8.55%	930,212	10.78%
Apparel	6,433	2.12%	338,382	3.92%
Furniture, household, and radio	18,505	6.09%	615,531	7.13%
Lumber, building, and hardware	13,516	4.45%	522,681	6.05%
Automotive and filling stations	72,676	23.88%	1,798,752	20.84%
Drugs and other retail	63,841	20.99%	944,199	10.94%
Agriculture and extractives	78,848	25.93%	1,619,884	18.77%
Manufacturing	13,571	4.46%	396,722	4.60%
<b>Total</b>	<b>304,156</b>	<b>100.00%</b>	<b>\$ 8,632,289</b>	<b>100.00%</b>

For the Fiscal Year Ended June 30, 2008				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,263	0.20%	\$ 1,313,701	11.09%
Food	7,654	0.67%	753,671	6.36%
Drinking and eating places	25,649	2.25%	1,398,711	11.80%
Apparel	8,016	0.70%	510,341	4.31%
Furniture, household, and radio	14,511	1.27%	799,605	6.75%
Lumber, building, and hardware	12,854	1.13%	955,047	8.06%
Automotive and filling stations	934,922	81.95%	2,290,802	19.33%
Drugs and other retail	58,784	5.15%	1,398,789	11.80%
Agriculture and extractives	64,081	5.62%	1,997,208	16.85%
Manufacturing	12,124	1.06%	432,761	3.65%
<b>Total</b>	<b>1,140,858</b>	<b>100.00%</b>	<b>\$ 11,850,636</b>	<b>100.00%</b>

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Source: Department of Revenue

**State of Illinois**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Amounts in Thousands)**

	1999	2000	2001	2002	For the Fiscal 2003
<b>Governmental activities</b>					
General obligation bonds	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,300,408	\$ 19,779,249
Special obligation bonds	1,827,664	1,883,343	1,932,440	1,968,535	2,130,229
Capital leases	16,086	17,532	14,704	21,775	19,022
Installment purchases	24,713	21,422	26,637	29,166	19,859
Certificates of participation	124,925	155,305	147,915	138,090	130,720
<b>Total governmental activities</b>	<u>8,119,832</u>	<u>8,677,046</u>	<u>9,472,221</u>	<u>10,457,974</u>	<u>22,079,079</u>
<b>Business-type activities</b>					
Revenue bonds	1,310,680	1,465,850	1,891,235	2,650,830	3,260,400
Notes payable	100,794	100,594	100,494	100,294	100,294
Capital leases	1,839	921	770	75	75
Installment purchases	3,595	4,167	7,781	38	29
<b>Total business-type activities</b>	<u>1,416,908</u>	<u>1,571,532</u>	<u>2,000,280</u>	<u>2,751,237</u>	<u>3,360,798</u>
<b>Total primary government</b>	<u>\$ 9,536,740</u>	<u>\$ 10,248,578</u>	<u>\$ 11,472,501</u>	<u>\$ 13,209,211</u>	<u>\$ 25,439,877</u>
<b>Total primary government debt as a percentage of personal income</b>	<u>2.65%</u>	<u>2.74%</u>	<u>2.87%</u>	<u>3.24%</u>	<u>6.15%</u>
<b>Total amount of primary government debt per capita</b>	<u>\$ 0.777</u>	<u>\$ 0.829</u>	<u>\$ 0.922</u>	<u>\$ 1.055</u>	<u>\$ 2.023</u>

Note: Details regarding the State's debt can be found in Note 8 of the financial statements.

Year Ended June 30,					
2004	2005	2006	2007	2008	
\$ 20,554,896	\$ 20,909,291	\$ 21,257,664	\$ 20,865,798	\$ 20,253,876	
2,409,159	2,515,469	2,614,724	2,467,733	2,365,323	
13,895	11,139	11,392	10,735	9,727	
10,217	16,123	10,574	16,241	12,302	
122,965	114,805	107,580	97,335	90,300	
<u>23,111,132</u>	<u>23,566,827</u>	<u>24,001,934</u>	<u>23,457,842</u>	<u>22,731,528</u>	
3,785,870	4,675,455	4,454,444	3,709,323	879,441	
685,469	-	-	-	-	
50	24	-	-	5	
4	-	-	-	-	
<u>4,471,393</u>	<u>4,675,479</u>	<u>4,454,444</u>	<u>3,709,323</u>	<u>879,446</u>	
<u>\$ 27,582,525</u>	<u>\$ 28,242,306</u>	<u>\$ 28,456,378</u>	<u>\$ 27,167,165</u>	<u>\$ 23,610,974</u>	
<u>6.46%</u>	<u>6.34%</u>	<u>6.14%</u>	<u>5.54%</u>	<u>4.49%</u>	
<u>\$ 2.185</u>	<u>\$ 2.227</u>	<u>\$ 2.237</u>	<u>\$ 2.126</u>	<u>\$ 1.837</u>	

**State of Illinois**

**Ratios of General Bonded Debt Outstanding and Debt Limitations  
Last Ten Fiscal Years  
(Amounts in Thousands)**

	1999	2000	2001	2002	For the Fiscal 2003
<b>General bonded debt</b>					
General obligation bonds	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,300,408	\$ 19,779,249
Special obligation bonds	1,827,664	1,883,343	1,932,440	1,968,535	2,130,229
	7,954,108	8,482,787	9,282,965	10,268,943	21,909,478
Less: Amounts restricted for debt service	817,622	925,236	809,384	648,156	745,023
<b>Net total general bonded debt</b>	<b>\$ 7,136,486</b>	<b>\$ 7,557,551</b>	<b>\$ 8,473,581</b>	<b>\$ 9,620,787</b>	<b>\$ 21,164,455</b>
<b>Total general bonded debt as a percentage of personal income</b>	<b>1.98%</b>	<b>2.02%</b>	<b>2.12%</b>	<b>2.36%</b>	<b>5.12%</b>
<b>Total general bonded debt as a percentage of taxable sales</b>	<b>5.89%</b>	<b>5.65%</b>	<b>6.65%</b>	<b>5.65%</b>	<b>13.81%</b>
<b>Total amount of general obligation debt per capita</b>	<b>\$ 0.582</b>	<b>\$ 0.612</b>	<b>\$ 0.681</b>	<b>\$ 0.769</b>	<b>\$ 1.683</b>
<b>Authorized general bonded deb</b>					
General obligation bonds	\$ 20,607,848	\$ 21,466,658	\$ 22,534,032	\$ 24,927,174	\$ 34,927,174
Special obligation bonds	2,990,970	3,051,970	3,740,715	4,005,509	4,005,509
<b>Total authorized general bonded debt</b>	<b>\$ 23,598,818</b>	<b>\$ 24,518,628</b>	<b>\$ 26,274,747</b>	<b>\$ 28,932,683</b>	<b>\$ 38,932,683</b>
<b>Issued general bonded debt</b>					
General obligation bonds	\$ 13,098,482	\$ 13,958,482	\$ 15,236,337	\$ 17,134,807	\$ 29,411,786
Special obligation bonds	2,047,878	2,171,413	2,294,138	2,442,493	2,622,968
<b>Total issued general bonded debt</b>	<b>\$ 15,146,360</b>	<b>\$ 16,129,895</b>	<b>\$ 17,530,475</b>	<b>\$ 19,577,300</b>	<b>\$ 32,034,754</b>
<b>General bonded debt margin (Authorized but unissued debt)</b>					
General obligation bonds	\$ 8,456,138	\$ 8,586,451	\$ 8,536,925	\$ 9,293,541	\$ 7,204,988
Special obligation bonds	943,092	880,557	1,446,577	1,563,016	1,382,541
<b>Total general bonded debt margin</b>	<b>\$ 9,399,230</b>	<b>\$ 9,467,008</b>	<b>\$ 9,983,502</b>	<b>\$ 10,856,557</b>	<b>\$ 8,587,529</b>
<b>Issued bonded debt to authorized bonded debt ratio</b>					
General obligation bonds	63.56%	65.02%	67.61%	68.74%	84.21%
Special obligation bonds	68.47%	71.15%	61.33%	60.98%	65.48%
<b>Total issued bonded debt to authorized bonded debt ratio</b>	<b>64.18%</b>	<b>65.79%</b>	<b>66.72%</b>	<b>67.67%</b>	<b>82.28%</b>

Note: Details regarding the State's general obligation bonds can be found in Note 9 of the financial statements.  
Details regarding the State's special obligation bonds can be found in Note 10 of the financial statements.

The State's authorized bonded debt limits are established by the General Obligation Bond Act (30 ILCS 330),  
the Metropolitan Civic Center Support Act (30 ILCS 355), and the Build Illinois Bond Act (30 ILCS 425).



Year Ended June 30,				
2004	2005	2006	2007	2008
\$ 20,554,896	\$ 20,909,291	\$ 21,257,664	\$ 20,865,798	\$ 20,253,876
2,409,159	2,515,469	2,614,724	2,467,733	2,365,323
22,964,055	23,424,760	23,872,388	23,333,531	22,619,199
799,825	848,213	833,273	846,063	861,152
\$ 22,164,230	\$ 22,576,547	\$ 23,039,115	\$ 22,487,468	\$ 21,758,047
5.19%	5.07%	4.97%	4.59%	4.14%
14.53%	13.40%	13.45%	12.93%	11.86%
\$ 1.756	\$ 1.780	\$ 1.811	\$ 1.760	\$ 1.693
\$ 34,196,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174
4,005,509	4,005,509	4,005,509	4,005,509	4,005,509
\$ 38,201,683	\$ 38,201,683	\$ 38,201,683	\$ 38,201,683	\$ 38,201,683
\$ 31,203,961	\$ 32,078,961	\$ 33,278,911	\$ 33,865,911	\$ 33,990,911
2,972,968	3,172,968	3,387,968	3,387,968	3,437,968
\$ 34,176,929	\$ 35,251,929	\$ 36,666,879	\$ 37,253,879	\$ 37,428,879
\$ 4,915,346	\$ 4,167,371	\$ 3,110,369	\$ 2,732,465	\$ 2,765,379
1,032,541	832,541	617,541	617,541	567,541
\$ 5,947,887	\$ 4,999,912	\$ 3,727,910	\$ 3,350,006	\$ 3,332,920
91.25%	93.81%	97.32%	99.03%	99.40%
74.22%	79.22%	84.58%	84.58%	85.83%
89.46%	92.28%	95.98%	97.52%	97.98%

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**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage	
				Principal	Interest	Total		
PRIMARY GOVERNMENT								
Build Illinois Bond Fund - Pledged revenue of portion of sales tax collections								
1999	\$ 434,185	\$ -	\$ 434,185	\$ 65,665	\$ 90,404	\$ 156,069	2.78	
2000	469,540	-	469,540	68,534	90,454	158,988	2.95	
2001	484,694	-	484,694	72,964	92,421	165,385	2.93	
2002	455,118	-	455,118	82,050	87,114	169,164	2.69	
2003	456,824	-	456,824	94,725	101,215	195,940	2.33	
2004	451,124	-	451,124	96,029	108,658	204,687	2.20	
2005	486,767	-	486,767	102,200	118,537	220,737	2.21	
2006	523,584	-	523,584	116,840	121,566	238,406	2.20	
2007	545,699	-	545,699	138,515	125,698	264,213	2.07	
2008	560,514	-	560,514	145,505	120,417	265,922	2.11	
Civic Center Bond Fund - Pledge revenue of portion of sales tax collections								
1999	\$ 19,000	\$ -	\$ 19,000	\$ 4,430	\$ 9,868	\$ 14,298	1.33	
2000	19,000	-	19,000	4,710	9,595	14,305	1.33	
2001	19,000	-	19,000	5,990	7,872	13,862	1.37	
2002	19,000	-	19,000	5,585	8,258	13,843	1.37	
2003	19,000	-	19,000	5,875	7,972	13,847	1.37	
2004	19,000	-	19,000	6,160	7,682	13,842	1.37	
2005	19,000	-	19,000	6,455	7,383	13,838	1.37	
2006	19,000	-	19,000	6,790	7,058	13,848	1.37	
2007	19,000	-	19,000	7,175	6,677	13,852	1.37	
2008	19,000	-	19,000	7,610	6,236	13,846	1.37	
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments								
1999	\$ 96,141	\$ 22,613	\$ 73,528	\$ 4,720 (a)	\$ 63,494	\$ 68,214	1.08	
2000	149,601	24,956	124,645	4,965 (b)	21,832	26,797	4.65	
2001	141,279	29,161	112,118	13,345 (c)	17,804	31,149	3.60	
2002	97,034	37,869	59,165	10,805 (d)	49,855	60,660	0.98	
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20	
2004	89,077	65,449	23,628	80,375 (e)	31,478	111,853	0.21	
2005	107,734	76,197	31,537	97,340	60,100	157,440	0.20	
2006	163,023	91,585	71,438	130,475	132,548	263,023	0.27	
2007	192,214	90,691	101,523	40,135 (f)	154,887	195,022	0.52	
2008	74,913	30,472	44,441	150 (g)	57,142	57,292	0.78	

(a) The Commission redeemed \$34.6 million of principal with bond issuance proceeds in February 1999.

(b) The Commission redeemed \$34.8 million of principal with bond issuance proceeds in February 2000.

(c) The Commission redeemed \$29.5 million of principal with bond issuance proceeds in November 2000.

(d) The Commission redeemed \$33.6 million of principal with bond issuance proceeds in January 2002.

(e) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.

(f) The Commission redeemed \$690.2 billion of principal by the sale of a portion of their student loan portfolio during fiscal year 2007.

(g) The Commission redeemed \$2.608 billion of principal by the sale of a portion of their student loan portfolio during fiscal year 2008.

**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	Gross Revenues	Direct	Net Revenue	Debt Service Requirements			Coverage	
		Operating Expenses	Available for Debt Service	Principal	Interest	Total		
MAJOR COMPONENT UNITS								
Illinois Housing Development Authority - Pledged revenue of loans receivable repayments								
1999	\$ 148,635	\$ 11,114	\$ 137,521	\$ 234,517	\$ 128,004	\$ 362,521	0.38	
2000	150,560	11,538	139,022	358,529	125,340	483,869	0.29	
2001	150,603	8,843	141,760	237,500	129,254	366,754	0.39	
2002	133,750	9,549	124,201	311,697	123,462	435,159	0.29	
2003	125,738	8,134	117,604	392,805	111,058	503,863	0.23	
2004	98,672	6,252	92,420	616,241	99,276	715,517	0.13	
2005	91,505	6,892	84,613	452,138	79,271	531,409	0.16	
2006	91,301	7,478	83,823	251,415	70,237	321,652	0.26	
2007	103,846	6,619	97,227	355,485	77,406	432,891	0.22	
2008	106,031	6,653	99,378	348,355	80,330	428,685	0.23	
Illinois State Toll Highway Authority - Pledged revenue of toll fees (h)								
1998	\$ 361,123	\$ 133,284	\$ 227,839	\$ 26,610	\$ 30,919	\$ 57,529	3.96	
1999	357,981	146,881	211,100	27,835	38,730	66,565	3.17	
2000	380,095	151,386	228,709	33,580	44,549	78,129	2.93	
2001	391,716	160,687	231,029	35,890	42,928	78,818	2.93	
2002	384,861	165,469	219,392	37,575	41,195	78,770	2.79	
2003	441,655	195,702	245,953	69,255	38,316	107,571	2.29	
2004	427,390	200,525	226,865	41,235	36,319	77,554	2.93	
2005	642,620	215,796	426,824	13,455	34,924	48,379	8.82	
2006	660,874	219,292	441,582	45,035	72,012	117,047	3.77	
2007	675,190	252,529	422,661	47,350	121,071	168,421	2.51	
Illinois State University - Pledged revenue of usage fees and rental income								
1999	\$ 48,183	\$ 35,784	\$ 12,399	\$ 3,850	\$ 1,856	\$ 5,706	2.17	
2000	49,152	37,498	11,654	4,070	1,637	5,707	2.04	
2001	51,120	40,352	10,768	4,305	1,337	5,642	1.91	
2002	54,881	46,773	8,108	4,560	1,145	5,705	1.42	
2003	56,249	44,860	11,389	4,595	1,111	5,706	2.00	
2004	58,448	45,921	12,527	4,790	1,302	6,092	2.06	
2005	57,753	46,088	11,665	4,770	1,219	5,989	1.95	
2006	61,864	49,947	11,917	5,095	1,175	6,270	1.90	
2007	67,176	51,077	16,099	5,185	2,757	7,942	2.03	
2008	75,181	57,809	17,372	5,265	2,647	7,912	2.20	
Northern Illinois University - Pledged revenue of usage fees and rental income								
1999	\$ 48,602	\$ 38,837	\$ 9,765	\$ 1,390	\$ 4,063	\$ 5,453	1.79	
2000	50,730	42,233	8,497	1,337	5,221	6,558	1.30	
2001	57,405	47,148	10,257	2,733	5,193	7,926	1.29	
2002	61,549	45,329	16,220	6,095	3,914	10,009	1.62	
2003	64,132	49,394	14,738	5,015	5,128	10,143	1.45	
2004	66,653	51,240	15,413	5,295	4,846	10,141	1.52	
2005	67,645	51,008	16,637	5,595	4,549	10,144	1.64	
2006	72,426	53,745	18,681	5,740	4,406	10,146	1.84	
2007	76,742	69,751	6,991	5,840	4,311	10,151	0.69	
2008	76,692	66,080	10,612	5,945	4,204	10,149	1.05	

(h) The Illinois State Toll Highway Authority fiscal year is from January 1 to December 31.

**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	Gross Revenues	Direct	Net Revenue	Debt Service Requirements			Coverage
		Operating	Available for	Principal	Interest	Total	
		Expenses	Debt Service				
Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees							
1999	\$ 76,099	\$ 65,668	\$ 10,431	\$ 4,680	\$ 5,363	\$ 10,043	1.04
2000	75,835	67,246	8,589	5,630	4,981	10,611	0.81
2001	81,183	67,667	13,516	9,385	3,333	12,718	1.06
2002	80,968	64,612	16,356	7,160	4,007	11,167	1.46
2003	81,515	65,836	15,679	7,465	4,098	11,563	1.36
2004	90,316	73,753	16,563	7,465	4,098	11,563	1.43
2005	97,859	79,784	18,075	8,260	4,478	12,738	1.42
2006	104,713	86,382	18,331	8,735	5,392	14,127	1.30
2007	116,481	92,345	24,136	10,920	7,430	18,350	1.32
2008	125,666	101,535	24,131	12,365	7,592	19,957	1.21
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
1999	\$ 599,397	\$ 548,008	\$ 51,389	\$ 17,945	\$ 10,456	\$ 28,401	1.81
2000	713,905	654,264	59,641	18,985	11,801	30,786	1.94
2001	665,320	604,468	60,852	18,990	21,530	40,520	1.50
2002	613,413	540,832	72,581	24,785	23,903	48,688	1.49
2003	660,059	578,082	81,977	15,755	26,844	42,599	1.92
2004	810,251	609,442	200,809	22,560	29,179	51,739	3.88
2005	752,592	674,645	77,947	25,425	29,208	54,633	1.43
2006	793,906	712,608	81,298	24,080	34,643	58,723	1.38
2007	841,998	737,499	104,499	29,710	41,118	70,828	1.48
2008	883,813	784,154	99,659	30,330	44,631	74,961	1.33

**State of Illinois****Demographic and Economic Statistics****Last Ten Calendar Years (expressed in thousands)**

	For the Calendar Year				
	1998	1999	2000	2001	2002
<b>Population</b>					
State	12,272	12,359	12,439	12,517	12,578
Percentage change	0.71%	0.71%	0.65%	0.63%	0.49%
National	275,854	279,040	282,194	285,112	287,888
Percentage change	1.18%	1.15%	1.13%	1.03%	0.97%
<b>Total Personal Income</b>					
State	\$ 360,094,542	\$ 373,384,640	\$ 400,373,280	\$ 407,253,595	\$ 413,710,753
Percentage change	6.57%	3.69%	7.23%	1.72%	1.59%
National	\$ 7,415,709,000	\$ 7,796,137,000	\$ 8,422,074,000	\$ 8,716,992,000	\$ 8,872,871,000
Percentage change	7.36%	5.13%	8.03%	3.50%	1.79%
<b>Per Capita Personal Income</b>					
State	\$ 29.343	\$ 30.212	\$ 32.187	\$ 32.536	\$ 32.892
Percentage change	5.82%	2.96%	6.54%	1.08%	1.09%
National	\$ 26.883	\$ 27.939	\$ 29.845	\$ 30.574	\$ 30.821
Percentage change	6.11%	3.93%	6.82%	2.44%	0.81%
<b>Labor force</b>					
State Labor Force	6,331	6,430	6,468	6,465	6,387
Employed	6,047	6,144	6,177	6,114	5,969
Unemployed	284	286	291	351	418
Unemployment rate	4.5%	4.5%	4.5%	5.4%	6.5%

Source: U.S. Bureau of Economic Analysis and Department of Employment Security

**Schedule 12**

<b>Ended,</b>				
<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
12,625	12,680	12,720	12,777	12,853
0.37%	0.44%	0.32%	0.45%	0.59%
290,448	293,192	295,896	298,755	301,621
0.89%	0.94%	0.92%	0.97%	0.96%
\$ 426,876,687	\$ 445,151,182	\$ 463,116,898	\$ 490,450,096	\$ 525,919,549
3.18%	4.28%	4.04%	5.90%	7.23%
\$ 9,150,320,000	\$ 9,711,363,000	\$ 10,252,849,000	\$ 10,977,312,000	\$ 11,631,571,000
3.13%	6.13%	5.58%	7.07%	5.96%
\$ 33.812	\$ 35.107	\$ 36.409	\$ 38.385	\$ 40.918
2.80%	3.83%	3.71%	5.43%	6.60%
\$ 31.504	\$ 33.123	\$ 34.650	\$ 36.744	\$ 38.564
2.22%	5.14%	4.61%	6.04%	4.95%
6,343	6,376	6,447	6,574	6,697
5,917	5,980	6,076	6,273	6,362
426	397	371	301	336
6.7%	6.2%	5.8%	4.6%	5.0%

**State of Illinois**  
**Principal Employers**  
**Fiscal Years 1999 and 2008**

**Schedule 13**

Employer	2008		1999	
	Employees	Percentage of Total State Employment	Employees	Percentage of Total State Employment
State of Illinois	70,144	1.10%	87,719	1.45%
U.S. Government	47,763	0.75%	41,799	0.69%
Wal-Mart	45,300	0.71%	27,100	0.45%
Chicago School Board	44,806	0.70%	44,806	0.74%
City of Chicago	40,207	0.63%	41,700	0.69%
U.S. Postal Service	31,540	0.50%	33,950	0.56%
Jewel-Osco	29,700	0.47%	38,900	0.64%
University of Illinois	29,403	0.46%	26,331	0.44%
Caterpillar	24,700	0.39%	30,700	0.51%
Cook County	24,208	0.38%	27,958	0.46%
Total	387,771	6.09%	400,963	6.63%

Source: Department of Commerce and Economic Opportunity and various employer websites

**State of Illinois**  
**Employees by Function**  
**Last Ten Fiscal Years**

	Employees				
	1999	2000	2001	2002	2003
Health and social services	31,177	30,722	30,595	29,016	24,134
Education	1,082	1,114	1,056	964	806
General government	12,363	13,048	13,277	13,198	11,804
Employment and economic development	3,755	3,819	3,775	3,829	3,412
Transportation	9,894	10,082	10,167	10,138	9,336
Public protection and justice	22,931	23,104	23,854	23,958	20,320
Environment and business regulation	6,517	6,598	6,373	6,318	5,434
Total	87,719	88,487	89,097	87,421	75,246



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**Schedule 14**

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<b>as of June 30,</b>				
<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
24,262	22,767	23,230	22,784	22,701
767	766	763	750	758
11,934	12,256	12,421	12,515	12,366
3,576	3,394	3,366	3,213	3,074
8,760	8,261	8,098	8,407	7,638
20,819	20,414	20,181	19,793	18,913
5,294	4,788	4,844	4,850	4,694
<u>75,412</u>	<u>72,646</u>	<u>72,903</u>	<u>72,312</u>	<u>70,144</u>

**State of Illinois**
**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>For the Fiscal Year</b>			
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Health and Social Services</b>				
Child abuse and neglect				
Calls to abuse/neglect hotline	304,945	306,818	306,506	304,804
Children investigated	106,903	103,577	100,448	98,181
Medical programs				
Number of children enrolled in medical programs	Not available	Not available	946,138	960,000
Number of parents enrolled in medical programs	Not available	Not available	Not available	Not available
Child support				
Number of child support cases with orders	Not available	322,012	323,296	366,353
Family case management				
Number of pregnant women and infants enrolled in FCM	223,548	230,000	233,906	267,402
Persons with disabilities receiving in-home services to prevent institutionalization	22,572	24,357	27,531	30,016
Immunization rates of children under age two	76%	78%	77%	76%
<b>General government</b>				
Taxes				
Number of individual income tax returns processed	5,699,948	5,621,775	5,700,000	5,831,078
Percent of individual income tax returns filed electronically	12.57%	19.19%	22.33%	27.70%
Total number of payments processed through State Treasury	13,809,108	14,884,506	15,988,446	14,078,664
<b>Education</b>				
Elementary and secondary education				
Public school enrollment	1,962,026	2,027,600	2,048,792	2,071,391
Graduation rate	81.90%	82.60%	83.20%	85.20%
Dropout rate	5.9%	5.8%	5.7%	5.1%
Higher education				
Enrollment	731,595	735,038	742,949	752,753
Degrees conferred	125,877	129,044	134,833	139,154
<b>Transportation</b>				
Miles of pavement maintained/improved	1,128	1,219	1,815	1,555
Number of bridges maintained/improved	380	254	501	333
<b>Employment and economic development</b>				
Unemployment insurance *				
Number of claims	600,164	604,070	636,532	825,811
Average duration (weeks)	16.34	17.60	15.77	15.37
State Fair				
State Fair attendees	826,648	1,063,059	1,162,000	1,130,000
DuQuoin State Fair attendees	400,633	411,749	393,088	447,955
Tourism				
Historic site attendance (in thousands)	2,847	2,915	2,664	2,656
<b>Public protection and justice</b>				
Crime Rates				
Violent crime rates per 100,000 in population *	827	703	669	653
Property crime rates per 100,000 in population *	4,197	3,901	3,681	3,586
Total crime rates per 100,000 in population	5,024	4,604	4,350	4,239
Violent crime arrest rates per 100,000 in population *	243	238	220	215
Property crime arrest rates per 100,000 in population *	778	800	762	745
Total crime arrest rates per 100,000 in population	1,021	1,038	982	960
Forensic services				
Number of original crime scenes processed	Not available	Not available	4,896	4,846
Number of Deoxyribonucleic Acid (DNA) cases worked	Not available	Not available	Not available	2,703
Total number of forensic cases worked	Not available	Not available	Not available	109,648
Number of DNA offender samples worked	Not available	Not available	Not available	2,862
<b>Environment and business regulation</b>				
Professional Regulation				
Professional complaints received	8,742	10,372	9,702	9,165
Licenses placed on probation	404	504	572	436

\* Statistics for unemployment insurance and crime rates are based on the previous ending calendar year.

## Schedule 15

Ended or as of June 30					
2003	2004	2005	2006	2007	2008
293,292	277,295	249,764	257,481	258,563	266,011
97,413	104,236	111,830	110,225	111,723	111,869
1,022,058	1,094,077	1,159,593	1,216,983	1,369,050	1,457,829
Not available	388,636	463,506	498,195	545,502	580,760
331,003	328,211	335,568	398,888	420,004	390,745
277,322	280,969	282,840	285,459	292,302	291,417
31,970	34,156	32,549	35,916	36,858	38,093
80%	85%	86%	87%	83%	78%
5,782,567	5,757,659	5,798,585	5,712,563	5,963,636	6,119,040
33.41%	37.54%	41.84%	44.37%	46.20%	51.88%
15,979,883	15,157,741	14,896,011	15,092,629	15,512,005	15,623,763
2,084,490	2,060,008	2,062,912	2,111,706	2,118,692	2,113,435
86.00%	86.50%	87.40%	87.8%	85.90%	86.50%
6.0%	4.6%	4.0%	3.5%	3.5%	4.1%
781,190	799,216	801,548	805,764	814,189	821,026
149,865	155,216	160,806	163,153	167,066	Not available
1,561	1,155	919	820	908	933
319	219	206	255	274	272
875,777	855,658	766,032	702,725	670,402	696,109
19.01	19.01	18.92	18.23	17.34	17.31
1,264,750	725,000	671,334	672,615	703,000	613,000
500,854	270,346	315,731	298,286	330,000	298,000
2,665	2,680	2,772	2,498	2,221	2,206
625	573	562	569	558	547
3,519	3,382	3,282	3,171	3,104	3,007
4,144	3,955	3,844	3,740	3,662	3,554
211	206	205	212	201	191
699	653	622	599	547	556
910	859	827	811	748	747
4,289	4,198	4,519	4,816	3,457	3,138
2,253	2,812	3,397	3,464	2,830	3,390
107,947	110,863	116,882	116,192	119,045	112,644
3,508	24,244	65,009	106,374	46,647	37,937
11,085	9,781	9,195	9,024	9,498	10,912
603	590	488	419	344	455

**State of Illinois****Capital Asset and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years**

	For the Fiscal Year				
	1999	2000	2001	2002	2003
Health and social services					
Mental health facilities	20	20	20	20	18
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	16,782	16,717	16,650	16,601	16,538
Bridges	8,229	8,251	8,239	8,230	8,227
Public protection and justice					
Adult correctional facilities	26	26	27	27	26
Juvenile correctional facilities	7	8	8	9	8
Environment and business regulation					
State park acreage	406,100	402,302	417,475	440,465	450,814
Protected natural area acreage	58,550	63,821	66,649	71,163	76,179

Note: No capital asset indicators are available for the education, general government, and employment and economic development functions.

**Schedule 16**

**Ended or as of June 30,**

<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
18 4	18 4	18 4	18 4	18 4
16,513 8,222	16,459 8,232	16,430 8,296	16,398 8,284	16,090 7,844
27 8	27 8	27 8	28 8	28 8
456,039 82,957	387,753 85,375	499,515 87,731	371,793 89,731	373,857 89,764